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NAVAL POSTGRADUATE SCHOOL

MONTEREY, CALIFORNIA

THESIS

**COPING WITH A RISING POWER:
VIETNAM'S HEDGING STRATEGY TOWARD CHINA**

by

Tuan Uy Tran

March 2018

Thesis Advisor:
Second Reader:

Michael Malley
Robert Weiner

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**COPING WITH A RISING POWER: VIETNAM'S HEDGING STRATEGY
TOWARD CHINA**

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Submitted in partial fulfillment of the
requirements for the degree of

**MASTER OF ARTS IN SECURITY STUDIES
(FAR EAST, SOUTHEAST ASIA, THE PACIFIC)**

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ABSTRACT

The competition for power and influence between China and the United States in Southeast Asia has presented strategic uncertainties in the region. Vietnam, like the rest of Southeast Asia, has adopted a hedging strategy to minimize security and political risks, and maximize the diplomatic benefits of flexibility. In recent years, however, China's increasing aggression in the South China Sea may have put pressure on Vietnam to balance against China. By using a hedging spectrum between balancing and bandwagoning, this thesis seeks to understand Vietnam's hedging behavior in response to China's aggression and the possible reasons for that degree of change. It examines how Vietnam continues to pursue contradictory hedging behaviors to address Hanoi's low-intensity balancing policies toward China while providing a closer engagement and solidarity with Beijing. This thesis found that Vietnam's hedging behavior has shifted toward the balancing end of the hedging spectrum. In addition, Vietnam continues to put greater emphasis on indirect-balancing and dominance-denial policies, which also signify a degree of power rejection vis-à-vis China.

This thesis offers two distinct explanations for Vietnam's current trend toward the balancing behavior. First, through military modernization and security cooperation, Vietnam's indirect balancing component has been strengthened, and second, Vietnam's recent bilateral and multilateral enmeshment strategies have led it to a greater commitment to dominance denial, cultivating a balance of power and binding processes through institutionalist mechanisms.

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LIST OF ACRONYMS AND ABBREVIATIONS

ADMM	ASEAN Defense Ministers Meeting
AMTI	Asia Maritime Transparency Initiative
APEC	Asia-Pacific Economic Cooperation
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
CMEA	Council for Mutual Economic Assistance
COC	Code of Conduct
CPV	Communist Party of Vietnam
DOC	Declaration on the Conduct of Parties
EAS	East Asia Summit
EEZ	Exclusive Economic Zone
FMS	Foreign Military Sales
MOU	Memorandum of Understanding
TPP	Trans-Pacific Partnership
UNCLOS	United Nations Convention on the Law of the Sea
VPA	Vietnamese People's Army
WTO	World Trade Organization

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I. INTRODUCTION

A. MAJOR RESEARCH QUESTION

This thesis explores the last several years of Vietnam's foreign relations with China. Since the end of the Cold War, many scholars agree that for the most part, Vietnam has demonstrated a clear policy of avoiding taking sides with either the United States or China. In international relations terms, this strategic option is often referred to as "hedging" and most scholars agree that Vietnam has "hedged." However, China's increasing aggression in the last few years, especially in the South China Sea, has put pressure on Vietnam to balance against China. In response, Vietnam has sought to improve its relations, including greater defense and economic ties with regional powers such as India, Japan, and the United States. These recent behaviors may indicate that Vietnam is more inclined to balance against China than to continue hedging. The purpose of this thesis is to determine to what degree Vietnam's policy toward China has changed in recent years in response to China's aggression and the possible reasons for that degree of change.

B. SIGNIFICANCE OF THE RESEARCH QUESTION

The last decade of American foreign policy in Asia has been challenged primarily by China's rise as a regional hegemon. Given China's economic and military development, many Southeast Asian nations are feeling pressured and tested by China's strength. Southeast Asian states, and for the purpose of this thesis, specifically Vietnam, have also been caught in the changing balance of power between the United States and China. Understanding the factors that cause Vietnam to oppose or strategically align with China or the United States will enhance U.S. relations with Vietnam. This understanding would also promote effective U.S. policies and interests while improving the United States' understanding of Vietnam's pattern of foreign relations. Among the most accepted literature on Vietnam's foreign policy is Le's argument on why Vietnam has hedged against China. Le claims that since the 1990s, Vietnam has employed hedging as a logical

and feasible method of relations to China.¹ However, Le's article does not account for the time period after the article was written in 2013. Therefore, this thesis would like to add to the existing scholarship by examining Vietnam's policy toward China to determine to what degree Vietnam policy has changed and the possible reasons for that change.

C. LITERATURE REVIEW

The literature review is divided into three primary sections. The first section reviews the literature on international relations theory by defining balancing, bandwagoning, and hedging. It then summarizes the main reasons why small states, particularly in Southeast Asia choose to adopt one policy rather than the others. The second section reviews Vietnam's hedging policy from the end of the Cold War (early 1990s) until the early 2010s. Since the early 2010s, China has been increasing its aggressive behavior in the South China Sea that has sent worrying signals not only to Vietnam but to the region as whole. The third section discusses the literature on Vietnam's foreign policy since the early 2010s that has led some scholars to believe Vietnam may be inclined toward a balancing behavior against China rather than continuing its hedging policy. Finally, this paper summarizes the scholarship as to whether Vietnam has indeed shifted its policy and adopted a balancing approach against China.

1. Balance, Bandwagon, or Hedge?

In managing relations with great powers, realist theorists, such as Walt contend that smaller states have two distinct responses to threatening powers or threats: balancing or bandwagoning.² Through balancing, states can engage with another power by forming alliances against the principal source of danger or threats to avoid domination.³ Walt

¹ Hong Hiep Le, "Vietnam's Hedging Strategy against China since Normalization," *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* 13, no. 3 (2013): 333.

² Stephen M. Walt, "Alliance Formation and the Balance of World Power," *International Security* 9, no. 4 (1985): 8–13. Walt discusses "four factors that affect the level of threat that states may pose... Aggregate power is the state's total resources that can pose threat to others; proximity power is the capability to project power based on distance; offensive power is the offensive capabilities that can provoke alliances; offensive intentions are the state's aggressive appearance and are likely to provoke alliances against them."

³ *Ibid.*, 5.

divides balancing into “hard balancing” and “soft balancing.”⁴ Hard balancing emphasizes military and economic means to attain security or alliances to keep the dominant power in check.⁵ Soft balancing is based on collaboration in regional or international forums to neutralize a rising power.⁶ While hard balancing normally focuses on keeping the rising power in check militarily, soft balancing addresses actions against specific policies rather than against the overall distribution of power itself.⁷

Alternatively, states can also bandwagon with the threatening power, which is “to ally with the power that poses the threat.”⁸ Walt identifies two motives for states to bandwagon with rather than balance against the threatening power: first, by bandwagoning, states adopt a form of appeasement in order to avoid an attack on itself; and second, states may also hope to share the profits of victory with the dominant power.⁹ Schweller argues that unthreatened states also bandwagon for reasons other than security, since balancing can be costly and bandwagoning is done with the expectation to be on the winning side and making gains.¹⁰

Walt argues that “balancing is preferable to bandwagoning” because states want to “preserve their freedoms rather than submitting to a potential hegemon.”¹¹ States also choose to balance against the threat because it is “safer to balance than to hope that the threat will remain benevolent.”¹² Walt concludes that strong neighboring states tend to form alliances to balance against the potential hegemon (or sources of threats) while small

⁴ Walt, “Alliances in a Unipolar World,” *World Politics* 61, no. 1 (2008): 100.

⁵ *Ibid.*, 100–01.

⁶ Thazha Varkey Paul, James J Wirtz, and Michel Fortmann, *Balance of Power: Theory and Practice in the 21st Century* (Stanford CA: Stanford University Press, 2004), 14; Walt, “Alliances in a Unipolar World,” 104.

⁷ Walt, “Alliance Formation and the Balance of World Power,” 104–05.

⁸ *Ibid.*, 4.

⁹ *Ibid.*, 7–8.

¹⁰ Randall L. Schweller, “Bandwagoning for Profit: Bringing the Revisionist State Back in,” *International Security* 19, no. 1 (1994).

¹¹ Walt, “Alliance Formation and the Balance of World Power,” 15.

¹² *Ibid.*

and weak states may choose to bandwagon simply because they lack the capabilities, or their security alliances are unattainable, or that there are no reassurances of allied support.¹³

A different form of strategic option in response to a rising power is hedging. Unlike balancing or bandwagoning, hedging is variously defined by international relations scholars, but its main goal is the avoidance of over-reliance on an external power. In Asian security politics, Goh refers hedging as a “set of strategies aimed at avoiding a situation in which states cannot decide upon more straightforward alternatives such as balancing, bandwagoning, or neutrality.”¹⁴ Roy thinks hedging may or may not involve balancing, as small states seek to maintain more than one strategic option open against uncertainty.¹⁵ These states also seek to maintain positive relations with great powers in the region through “low intensity balancing” that includes “internal balancing,” which is the strengthening of defensive capability.¹⁶

Jackson identifies observable hedging indicators include “military strengthening (defense spending and qualitative improvements) without a declared adversary, increasing participation in voluntary (as opposed to rules-based) bilateral and multilateral cooperation, the absence of firm balancing or bandwagoning, and the simultaneous/equidistant improvement in relations with the two greatest regional powers.”¹⁷ Jackson also emphasizes two forms of hedging that are mostly seen in Southeast Asia. The first form is military strengthening through increase spending and investments on building defense. The second form incorporates economic and diplomatic enmeshment between the Association of Southeast Asian Nations (ASEAN) member states and China.¹⁸

¹³ Ibid., 17–18.

¹⁴ Evelyn Goh, “Meeting the China Challenge: The U.S. In Southeast Asian Regional Security Strategies,” *Policy Studies*, no. 16 (2005): 2.

¹⁵ Denny Roy, “Southeast Asia and China: Balancing or Bandwagoning?,” *Contemporary Southeast Asia* 27, no. 2 (2005): 306.

¹⁶ Ibid., 306, 10.

¹⁷ Van Jackson, “Power, Trust, and Network Complexity: Three Logics of Hedging in Asian Security,” *International Relations of the Asia-Pacific* 14, no. 3 (2014): 333–34.

¹⁸ Ibid.

Kuik frames hedging as a “middle position” between the pure-balancing and pure-bandwagoning while projecting a non-taking-side approach when the power structure is uncertain.¹⁹ Kuik’s hedging behaviors include indirect-balancing, dominance denial, economic pragmatism and diversification, binding engagement, and limited-bandwagoning.²⁰ As seen in Figure 1, Kuik’s Power Rejection/Acceptance Spectrum provides the degree of flexibility that is useful for small states like Vietnam to pursue its hedging strategy. For this reason, this thesis will adopt Kuik’s hedging spectrum and will examine in greater detail throughout the paper.

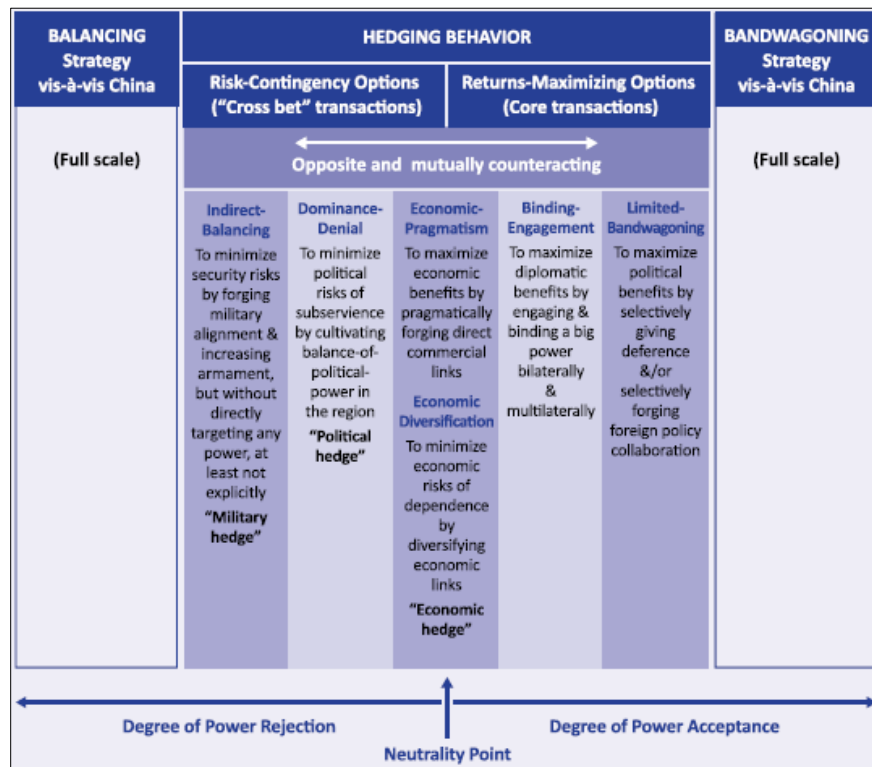


Figure 1. Power Rejection/Acceptance Spectrum.²¹

¹⁹ Cheng-Chwee Kuik, “How Do Weaker States Hedge? Unpacking Asean States’ Alignment Behavior Towards China,” *Journal of Contemporary China* 25, no. 100 (2016): 3.

²⁰ Ibid.

²¹ Source: Cheng-Chwee Kuik and Gilbert Rozman, “Light or Heavy Hedging: Positioning between China and the United States,” in *Joint U.S.-Korea Academic Studies*, ed. Gilbert Rozman (Washington, DC: Korea Economic Institute of America, 2015), 3.

According to Kuik, indirect-balancing is to “minimize security risks through military alignment and increasing armament without targeting any power”; dominance denial is to “minimize political risks of subservience by cultivating balance of political power in the region”; economic pragmatism is to “maximize economic benefits by forging economic and commercial links,” while economic diversification is to “minimize economic risks of dependence by diversifying economic links”; binding engagement is to “maximize diplomatic benefits by engaging and binding a big power in various institutionalized bilateral and multilateral platforms”; and limited bandwagoning is to “maximize political benefits by selectively giving deference and collaboration.”²²

Kuik conceives hedging as a “multiple component approach situated between the two ends of the balancing-bandwagoning spectrum.”²³ With economic pragmatism and diversification as the neutrality point, Kuik calls indirect-balancing and dominance denial as the “risk-contingency option,” which tends to defy and reject the growing power and leans toward a balancing approach.²⁴ Kuik also calls the binding engagement and limited-bandwagoning as the “return-maximizing option,” which tends to please and accept the growing power and leans toward a bandwagoning approach.²⁵

In summary, this section defines three specific options or policies that small states can adopt when facing a rising power or threat. First, states can balance against the rising hegemon when they feel that their survival is at risk, so joining the alignment against the rising power is the preferred choice over the others. On the other hand, states can also bandwagon with the rising hegemon through appeasement while expecting stability and avoiding any attack on itself and hoping to share the spoils of victory with the dominant power.²⁶ Lastly, while the common notion of hedging is the avoidance of over-reliance on any one state, small states will adopt hedging simply because it provides the middle ground

²² Kuik, “How Do Weaker States Hedge? Unpacking Asean States’ Alignment Behavior Towards China,” 502.

²³ Kuik and Rozman, “Light or Heavy Hedging: Positioning between China and the United States,” 3.

²⁴ *Ibid.*, 3–4.

²⁵ *Ibid.*

²⁶ Walt, “Alliance Formation and the Balance of World Power,” 7–8.

to influence power politics and navigate between balancing and bandwagoning. Finally, Kuik contends that because of recent competitive Sino-US relations, Southeast Asian states have found substantial economic and diplomatic benefits “without over-betting on any options that may incur unnecessary price.”²⁷

2. Vietnam’s Hedging Policy since 1990s

The following section serves three purposes. First, it shows that there is a consensus in the literature that Vietnam chose to hedge since the end of the Cold War, mainly from the 1990s to the early 2010s. Second, it describes how Vietnam hedged based on the definitions of hedging and hedging behaviors as explained by Kuik, Jackson, and others. Finally, this section proceeds to demonstrate how scholars explain why Vietnam hedged.

Among the most significant scholarship on contemporary Vietnam policy is Le’s work on Vietnam’s hedging strategy against China since the 1990s. Le claims that when Vietnam normalized relations with China, its most practical option was to adopt a hedging policy given Vietnam’s “historical experiences, domestic and bilateral conditions, and... changes in Vietnam’s external relations and the international strategic environment.”²⁸ In analyzing Southeast Asian regional security, Goh also argues that Vietnam had clearly demonstrated hedging behavior toward China because Hanoi understood that it had to “accommodate China given its lack of alternatives.”²⁹ Similarly, Percival argues that Vietnam adopted a “defensive and weak” hedging strategy, whose goal is to benefit from China’s economic growth, but also importantly, to prevent China from dominating the Vietnamese economy.³⁰ Roy argues that Vietnam practiced a very “subtle” case of hedging through low-level, highly restrained forms of balancing with the United States against

²⁷ Cheng-Chwee Kuik, “Comparing Asean Core States’ Alignment Behavior: Variations on a (Hedging) Theme:,” *Joint U.S.-Korea Academic Studies* (2015): 2–23.

²⁸ Le, “Vietnam’s Hedging Strategy against China since Normalization,” 333.

²⁹ Goh, “Meeting the China Challenge: The U.S. In Southeast Asian Regional Security Strategies,” 23; *ibid.*

³⁰ Bronson Percival, *The Dragon Looks South: China and Southeast Asia in the New Century* (Wesport, CT: Greenwood Publishing Group, 2007), 43.

China. Most contemporary literature has provided evidence of Vietnam's hedging strategy, but few scholars have focused on Vietnam's bandwagoning approach.

Le breaks Vietnam's hedging strategy into four major components and details how Vietnam hedged, namely through economic pragmatism, direct engagement, hard balancing, and soft balancing.³¹ Le explains economic pragmatism as the deepening of bilateral economic cooperation to improve Sino-Vietnamese relations and to facilitate Vietnam's domestic development.³² Through closer economic ties with China since the early 1990s, Le argues that Vietnam was able to achieve strong economic growth and opportunities offered by China's economic rise.³³ This hedging approach coincides with Kuik's hedging spectrum that includes economic pragmatism behavior to maximize economic benefits.³⁴

Le then proceeds to explain direct engagement as the key mechanism for Hanoi to solidify trust and cooperation with Beijing to overcome differences in resolving land and maritime disputes while promoting common party interests.³⁵ According to Le, between 1991 and 2013, Vietnam and China had thirty-six visits by top party officials and state leaders to promote cooperation and build a political framework for bilateral relations.³⁶ Simultaneously, Le and Thayer noted that Hanoi had also extended and improved relations with Washington by stepping up defense and diplomatic talks since diplomatic normalization in 1995.³⁷ This engagement behavior is in line with Jackson's hedging indicator that is seen as improving relations with both powers without giving the perception

³¹ Le, "Vietnam's Hedging Strategy against China since Normalization," 344.

³² Ibid.

³³ Ibid., 345.

³⁴ Kuik, "How Do Weaker States Hedge? Unpacking Asean States' Alignment Behavior Towards China," 502. Kuik explains economic pragmatism as the "neutrality point in which states seek to maximize economic benefits by forging economic and commercial links."

³⁵ Le, "Vietnam's Hedging Strategy against China since Normalization," 344-46.

³⁶ Ibid., 347.

³⁷ Carlyle A. Thayer, "Vietnam's Foreign Policy in an Era of Rising Sino-U.S. Competition and Increasing Domestic Political Influence," *Asian Security* (2017): 13; Le, "Vietnam's Hedging Strategy against China since Normalization," 357.

of bandwagoning or balancing.³⁸ Equally, Kuik's definition of dominance denial and Roy's hedging behavior as explained earlier also fits with Vietnam's engagement strategy.³⁹

The third component of Vietnam's hedging strategy, according to Le, involves hard balancing, which calls for "domestic military modernization to deter China from aggressive actions" in the South China Sea.⁴⁰ Le's explanation for hard balancing, however, differs from Jackson's definition of hedging and Kuik's indirect-balancing behavior. Jackson considers military modernization (through defense spending and qualitative improvements) as hedging only if it is not directed at an adversary.⁴¹ Kuik's indirect-balancing behavior seeks to increase armament without directly targeting any power.⁴² Nonetheless, Vietnam scholars have observed Hanoi's hard balancing behavior when Vietnam gradually developed a stronger defense capability by acquiring modern hardware and developing its own domestic defense industry.⁴³ Likewise, Cheng also asserts that Vietnam hedged in the beginning of the century by strengthening security ties with the United States and improving its defense capabilities.⁴⁴

The fourth component of Vietnam's hedging strategy according to Le's thesis is soft balancing, which describes Vietnam's desire to join multilateral institutions while simultaneously pursuing relations with major powers.⁴⁵ Between 2001 and 2011, Vietnam

³⁸ Jackson, "Power, Trust, and Network Complexity: Three Logics of Hedging in Asian Security," 333.

³⁹ Kuik, "How Do Weaker States Hedge? Unpacking Asean States' Alignment Behavior Towards China," 502; Roy, "Southeast Asia and China: Balancing or Bandwagoning?," 305. Kuik explains dominance-denial as a "political hedging behavior in which states seek to minimize political risk of subservience by cultivating balance of political power in the region." Roy defines hedging as a "strategy of low intensity balancing and seeking positive relations with all powers in the region."

⁴⁰ Le, "Vietnam's Hedging Strategy against China since Normalization," 344, 51.

⁴¹ Jackson, "Power, Trust, and Network Complexity: Three Logics of Hedging in Asian Security," 333.

⁴² Kuik, "How Do Weaker States Hedge? Unpacking Asean States' Alignment Behavior Towards China," 502.

⁴³ Carlyle A. Thayer, "Force Modernization: The Case of the Vietnam People's Army," *Contemporary Southeast Asia* 19, no. 1 (1997); Le, "Vietnam's Hedging Strategy against China since Normalization," 351.

⁴⁴ Joseph Y.S. Cheng, "Sino-Vietnamese Relations in the Early Twenty-First Century," *Asian survey* 51, no. 2 (2011): 387.

⁴⁵ Le, "Vietnam's Hedging Strategy against China since Normalization," 344.

negotiated eight “strategic partnership” agreements, including one with China in 2008.⁴⁶ Vietnam also entered into “comprehensive partnerships” with Australia (2009) and the United States (2013).⁴⁷ Le contends that Vietnam chose to develop these strategic and comprehensive partnership agreements with countries that are either political powers, economic powers, military powers, or countries that play significant role in the South China Sea disputes.⁴⁸ This approach is generally in line with Kuik’s definition of binding-engagement, which is a policy designed to “maximize diplomatic benefits by engaging and binding a big power in various institutionalized bilateral and multilateral platforms.”⁴⁹ Jackson’s hedging indicators also include increasing participation in bilateral and multilateral cooperation.⁵⁰

Thayer has described Vietnam’s foreign policy in ways that are similar to Le’s argument. Thayer offers a net assessment of Vietnam’s bilateral relations with China from 1991 to 2008 that included a mix of hedging, engagement, and omni-enmeshment strategies.⁵¹ Thayer defines hedging as a “general strategy to keeping more than one option open” and that states can adopt concurrent strategies of engagement and hedging at the same time.⁵² According to Thayer, Vietnam’s engagement refers to establishing multifaceted relations with China in many areas and issues while also seeking to improve relations with the United States.⁵³ This engagement policy matches Jackson’s hedging indicator of improving relations with both powers simultaneously.⁵⁴

⁴⁶ Carlyle A. Thayer, “The Philippines and Vietnam Forge a Strategic Partnership,” *The Diplomat* 2017 (March 10, 2015), <http://thediplomat.com/2015/03/the-philippines-and-vietnam-forge-a-strategic-partnership/>. These agreements include those with Russia (2001), Japan (2006), India (2007), China (2008), South Korea and Spain (2009), the United Kingdom (2010), and Germany (2011).

⁴⁷ Le, “Vietnam’s Hedging Strategy against China since Normalization,” 357.

⁴⁸ Ibid.

⁴⁹ Kuik, “How Do Weaker States Hedge? Unpacking Asean States’ Alignment Behavior Towards China,” 502.

⁵⁰ Jackson, “Power, Trust, and Network Complexity: Three Logics of Hedging in Asian Security,” 333.

⁵¹ Carlyle A. Thayer, “The Structures of Vietnam-China Relations, 1991–2008” (paper presented at the 3rd International Conference on Vietnamese Studies, Hanoi, Vietnam, 2008), 26–27.

⁵² Ibid., 25.

⁵³ Ibid., 26.

⁵⁴ Jackson, “Power, Trust, and Network Complexity: Three Logics of Hedging in Asian Security,” 333.

Thayer also added that Vietnam adopted an omni-enmeshment strategy, which included membership in ASEAN and other regional multilateral organizations such as the ASEAN Regional Forum (ARF) to manage relations with China.⁵⁵ Though Thayer used omni-enmeshment to describe Vietnam's policy toward China, it should be noted that Thayer's definition of omni-enmeshment strategy also matches Goh's definition as well, which is the "process of engaging with a state to draw deep involvement into international or regional forums and enveloping it in a web of sustained exchanges and relationships, with the long-term aim of integration."⁵⁶ Kuik's binding-engagement definition is also consistent with the definition of omni-enmeshment.⁵⁷ In his 2011 paper, Thayer again argued that Vietnam used three primary strategies when dealing with China: first, utilize high-level party-to-party talks; second, promote multilateral efforts to enmesh China; and third, develop its own self-sufficient capacity for defense and military modernization.⁵⁸ These three strategies offer similar approach that Le presented with his hedging components of direct engagement, soft balancing, and hard balancing.

There are several distinct reasons why Vietnam adopted a hedging strategy from the 1990s to early 2010s. Starting with the historical perspective, scholars argue that one of the reasons why Vietnam hedged was because it questioned the reliability of external alliances.⁵⁹ In the late 1970s, Hanoi had a mutual defense treaty with the former Soviet Union in balancing against China, but received limited defense and security assistance from Moscow during its brief border war with China in 1979.⁶⁰ This experience gave Vietnam a

⁵⁵ Thayer, "The Structures of Vietnam-China Relations, 1991–2008."

⁵⁶ Evelyn Goh, "Great Powers and Hierarchical Order in Southeast Asia: Analyzing Regional Security Strategies," *International Security* 32, no. 3 (2008): 121.

⁵⁷ Kuik, "How Do Weaker States Hedge? Unpacking Asean States' Alignment Behavior Towards China," 505.

⁵⁸ Carlyle A. Thayer, "The Tyranny of Geography: Vietnamese Strategies to Constrain China in the South China Sea," *Contemporary Southeast Asia* 33, no. 3 (December 2011).

⁵⁹ Le, "Vietnam's Hedging Strategy against China since Normalization," 338; Percival, *The Dragon Looks South: China and Southeast Asia in the New Century*, 30.

⁶⁰ Le, "Vietnam's Hedging Strategy against China since Normalization."

lesson to not trust in alliances and gave Vietnamese leaders a wakeup call to diversify its foreign relations without any significant level of dependence on any external power.⁶¹

The second reason why Vietnam adopted a hedging policy was because it lacked any strategic alliance with any other state that could help it balance against China in the 1990s.⁶² While the United States might be seen as a potential partner in balancing against China, scholars argue that Vietnamese leaders tend to have reservations about establishing deeper ties with the United States, since the U.S. Congress tends to demand progress on political reforms that represent threats to Vietnam's communist regime stability.⁶³

The third reason is Vietnam's fear for its own security and the historical perception of China as a threat. While Vietnam wished to maintain favorable relations with China, Goh argues that China has also been the biggest external threat to Vietnam's security. As such, China has always been the key strategic concern in shaping Vietnam's hedging policy.⁶⁴ Therefore, Goh argues that hedging (as well as enmeshment) allowed Vietnam to establish broader defense cooperation with regional powers that shared security concerns. Simultaneously Vietnam has continued to retain its close relationship with China.⁶⁵

In summary, this section provides three main points. First, it demonstrates that there is a consensus in the literature that Vietnam chose to hedge rather than balance or bandwagon since the 1990s. And second, it describes from the existing literature how Vietnam hedged based on observable indicators from Jackson and various definitions of hedging and hedging behaviors from Kuik. This section then proceeds to narrow down three main reasons why Vietnam chose to hedge from the 1990s to the early 2010s.

⁶¹ Ibid.

⁶² Goh, "Meeting the China Challenge: The U.S. In Southeast Asian Regional Security Strategies," 22.

⁶³ Alexander L. Vuving, "Strategy and Evolution of Vietnam's China Policy: A Changing Mixture of Pathways," *Asian Survey* 46, no. 6 (2006): 815; Goh, "Meeting the China Challenge: The U.S. In Southeast Asian Regional Security Strategies," 22; Percival, *The Dragon Looks South: China and Southeast Asia in the New Century*, 30.

⁶⁴ Goh, "Meeting the China Challenge: The U.S. In Southeast Asian Regional Security Strategies," 19.

⁶⁵ "Great Powers and Hierarchical Order in Southeast Asia: Analyzing Regional Security Strategies," 126.

3. Vietnam's Hedging Policy since 2010

This section of the literature review focuses on the Vietnam's foreign policy from the early 2010s to the present. This section aims to do two things. First, it highlights some of the reasons Vietnam may be inclined to shift its policy in the direction of balancing against China rather than to continue hedging as it did from the 1990s to early 2010s. Second, it shows why some analysts believe Vietnam has shifted toward a balancing approach.

During the period from 2001 to 2008, there were various incidents and causes of tension between China and Vietnam in the South China Sea, but the two countries generally managed to move on and put greater emphasis on conflict management.⁶⁶ However, since the early 2010s, China has been increasing its assertiveness in the South China Sea through land reclamation and territorial claims that have sent worrying signals not only to Vietnam, but to the region as well. One major point of escalation occurred in May 2014 when China moved its deep-water drilling rig *Haiyang Shiyou 981* inside Vietnam's Exclusive Economic Zone (EEZ).⁶⁷ According to Le, the oilrig crisis served as the turning point that triggered security panic among the Vietnamese leadership, signaled the limitations of Vietnam's hedging strategy, and revealed the need for Vietnam to shift its China strategy.⁶⁸

Le highlighted four main reasons why Vietnam would be more inclined to shift its policy in the direction of balancing against China.⁶⁹ First, Vietnam was motivated toward balancing by China's aggressive actions in the 2014 oil rig crisis, unprecedented since their 1988 skirmish in the Spratly islands. Second, the crisis showed the asymmetry in power and capabilities between the two countries, where Vietnam's military force was dwarfed by China's overwhelming power. Third, the crisis showed Vietnam China's willingness to

⁶⁶ Ramses Amer, "China, Vietnam, and the South China Sea: Disputes and Dispute Management," *Ocean Development & International Law* 45, no. 1 (2014): 20.

⁶⁷ Adam Taylor, "The \$1 Billion Chinese Oil Rig That Has Vietnam in Flames," *The Washington Post* (May 14, 2014), <https://www.washingtonpost.com/news/worldviews/wp/2014/05/14/the-1-billion-chinese-oil-rig-that-has-vietnam-in-flames>.

⁶⁸ Hong Hiep Le, "Vietnam's Alliance Politics in the South China Sea," *Trends in Southeast Asia* ; 6/2015. 0219–3213, no. Accessed from <http://nla.gov.au/nla.cat-vn6923569> (2015): 1.

⁶⁹ *Ibid.*, 7–9.

use force and ignored the de-escalation agreement between both countries regarding the South China Sea. And fourth, the crisis also displayed significant international support for Vietnam from powerful partners, including the United States and Japan.⁷⁰

Since the 2014 oil rig crisis, scholars have noted that Vietnam has deepened its perception of China as a serious security threat, raised the possibility of “alliance politics” with key partners, and emphasized greater defense modernization.⁷¹ In addition, Vietnam has come to reposition its “three nos” policy, which entails Vietnam’s principle of “no military alliance, no siding with one country against another, and no foreign military bases on its soil.”⁷² Thayer argues that the crisis demonstrated Vietnam was capable of “struggling against” China and determined to defend its national interests.⁷³ In addition, London and Thayer assert that the increasing trend in Vietnamese public opinion on territorial disputes along with strong anti-China sentiment has caused Vietnam to hasten its approach toward the United States to balance against China.⁷⁴ Such balancing behaviors include greater defense cooperation with the United States through joint military exchanges, modernizing its military, and developing defense partnerships with regional powers who share similar perceptions of interests and threats in the South China Sea.⁷⁵

Another reason why Hanoi may have shifted toward a balancing approach is because Vietnam believes it now has greater resources and options to handle diplomatic

⁷⁰ Ibid.

⁷¹ Thayer, “Vietnam’s Foreign Policy in an Era of Rising Sino-U.S. Competition and Increasing Domestic Political Influence,” 14; Le, “Vietnam’s Alliance Politics in the South China Sea.” Le refers “alliance politics” as Vietnam’s efforts to forge close security and defence ties with key partners who share similar perceptions of interests and threats in the South China Sea.

⁷² Manh Hung Nguyen, “New Context of Vietnam’s National Security Challenges,” in *Trends in Southeast Asia* (Singapore: Yusof Ishak Institute, 2016); Le, “Vietnam’s Alliance Politics in the South China Sea,” 4.

⁷³ Thayer, “Vietnam’s Foreign Policy in an Era of Rising Sino-U.S. Competition and Increasing Domestic Political Influence.”

⁷⁴ Jonathan D London, “Is Vietnam on the Verge of Change?,” *Current History* 114, no. 773 (2015): 234–35; Thayer, “Vietnam’s Foreign Policy in an Era of Rising Sino-U.S. Competition and Increasing Domestic Political Influence.”

⁷⁵ “Vietnam’s Foreign Policy in an Era of Rising Sino-U.S. Competition and Increasing Domestic Political Influence,” 13–14; London, “Is Vietnam on the Verge of Change?,” Le, “Vietnam’s Alliance Politics in the South China Sea,” 1.

and military pressures from China than Vietnam had in the 1990s.⁷⁶ This is mostly revealed in Vietnam's efforts against China in recent years by utilizing regional institutions to balance against China.⁷⁷ Recall that Walt's definition of soft balancing is based on collaboration in regional or international forums to manage or neutralize a rising power's policies rather than its overall distribution of power.⁷⁸ Likewise, Vietnam has continuously pushed for a stronger stand against Chinese aggressiveness in the South China Sea at regional and international forums such as the ASEAN ministerial meetings and ARF.⁷⁹

Overall, in answering the question whether Vietnam has leaned toward balancing against China or is still hedging as it did from the 1990s to early 2010s, two main Vietnam scholars offer some insight. First, Le argues that Vietnam's politics against China can be strengthened with key partners who share "convergent interests and threat perceptions in the South China Sea" without the need for a formal military alliance against China.⁸⁰ Le concludes that Vietnam is still hedging because balancing would limit Vietnam's options and worsen its already tense relations with China.⁸¹ Thayer would agree with Le that Vietnam is still hedging.⁸² Thayer argues that while the balance of power theory would say that Vietnam is allying with the United States against China, Vietnam is instead choosing to protect its independence by adopting a defense policy that renounces joining alliances.⁸³ Thayer asserts that by strengthening ties, diversifying strategic partnerships, and promoting economic and political integration, Hanoi can protect its autonomy and ensure that Vietnam

⁷⁶ Le, "Vietnam's Alliance Politics in the South China Sea," 1.

⁷⁷ Ibid., 3.

⁷⁸ Paul, Wirtz, and Fortmann, *Balance of Power: Theory and Practice in the 21st Century*, 14; Walt, "Alliances in a Unipolar World," 104.

⁷⁹ Philippine Daily Inquirer, "Vietnam Challenges China in Asean Talks," *Inquirer* (August 06, 2017), <http://globalnation.inquirer.net/159372/vietnam-challenges-china-asean-talks>.

⁸⁰ Le, "Vietnam's Alliance Politics in the South China Sea," 1.

⁸¹ Ibid.

⁸² Thayer, "Vietnam's Foreign Policy in an Era of Rising Sino-U.S. Competition and Increasing Domestic Political Influence."

⁸³ Ibid., 2.

does not become “entrapped in the increasing great power rivalry between the United States and China.”⁸⁴

In summary, the literature review provides brief background on balancing, bandwagoning, and hedging. It also identifies the main reasons why small states, particularly in Southeast Asia, choose to adopt one policy rather than the others. The second section of the literature shows that there is a general consensus that Vietnam hedged from the 1990s to early 2010s and how Vietnam hedged during that timeframe matches with observable indicators and definitions of hedging as defined by scholars. It also identifies some of the major reasons why Vietnam hedged. The third section highlights the reasons why Vietnam may be inclined to shift its policy in the direction of balancing against China rather than to continue hedging as it did from the 1990s to early 2010s.

D. POTENTIAL EXPLANATION AND HYPOTHESIS

The purpose of this thesis is to determine to what degree Vietnam’s policy toward China has changed since the early 2010s in response to China’s aggression and the reasons for that change. The literature review offers a few potential explanations on why Vietnam is motivated to balance against China’s rise or why Vietnam stays on the hedging track. This section aims to offer four potential explanations to Vietnam’s policy in recent years.

One potential explanation for Vietnam’s drive to balance against China is due to the latter’s increasing assertion in the South China Sea, which may have revealed some of the limitations of Vietnam’s hedging strategy.⁸⁵ China’s push to control almost the entirety of the South China Sea has also carried with it the aggression and the military power that Vietnam knows it cannot match. In addition, China’s willingness to use force in the South China Sea against Vietnam has motivated Vietnam to balance against China by pursuing greater military modernization and defense ties with other powers in the region.

⁸⁴ Ibid.

⁸⁵ Le, “Vietnam’s Alliance Politics in the South China Sea,” 1.

The second potential explanation for Vietnam to adopt a balancing approach is due to the increasing trend in Vietnamese public opinion on territorial disputes with China.⁸⁶ Vietnamese public opinion along with strong anti-China sentiment may have caused the Vietnamese government to hasten its approach toward the United States to balance against China.

The third potential explanation stems from Vietnam's confidence and the perception that Vietnam is strong enough in its effort to balance against China. Tensions between Vietnam and China in the South China Sea have generally garnered international support for Vietnam from powerful partners, including the United States and Japan.⁸⁷ Additionally, Vietnam is now more confident. It believes it is stronger and has greater resources, support, and options by utilizing regional institutions to handle diplomatic and military pressures from China than Vietnam had in the 1990s. Thus, soft balancing through collaboration in ASEAN or other international bodies can be used to manage or neutralize China's policies rather than to directly challenge China's overall power.

The fourth potential explanation, however, argues that Vietnam continues to stay on the hedging track because of several reasons. First, by continuing to hedge, Vietnam will have greater options to manage its already tense relations with China.⁸⁸ Second, hedging provides Vietnam with greater autonomy and independence.⁸⁹ In addition, Vietnam's alliance experience with the Soviet Union makes Hanoi reluctant to depend heavily on any external power.⁹⁰ Furthermore, allying with the United States in balancing against China may weaken the regime because of U.S. demands for political

⁸⁶ London, "Is Vietnam on the Verge of Change?"; Thayer, "Vietnam's Foreign Policy in an Era of Rising Sino-U.S. Competition and Increasing Domestic Political Influence."

⁸⁷ Le, "Vietnam's Alliance Politics in the South China Sea," 1–2.

⁸⁸ Ibid.

⁸⁹ Thayer, "Vietnam's Foreign Policy in an Era of Rising Sino-U.S. Competition and Increasing Domestic Political Influence."

⁹⁰ Le, "Vietnam's Hedging Strategy against China since Normalization," 338; Percival, *The Dragon Looks South: China and Southeast Asia in the New Century*, 30.

liberalization.⁹¹ Therefore, Vietnam would likely continue to employ hedging strategy by diversifying and promoting economic and political integration to ensure that it does not suffer collateral damage by rising tensions. Lastly, Vietnam's hedging strategy may also include some form of low intensity balancing components from the previous three explanations.

This proposal hypothesizes that Vietnam is still pursuing a policy of hedging against China. Given China's ambitions for military and economic growth, the South China Sea disputes will likely continue to escalate in the near future. If Vietnam shifts its policy toward balancing, then China may respond by boosting its military presence in the area and retaliating with economic and political sanctions. Therefore, Vietnam's hedging strategy offers the flexibility to deal with China's behavior while projecting a non-taking-side approach and keeping its own position when the power structure in the region is uncertain. Hedging also provides Vietnam the middle ground to navigate between the balancing and bandwagoning spectrum, while maintaining its positive relations with great powers "without over-betting on any options that may incur unnecessary price."⁹² Finally, hedging also offers Vietnam the option to maintain favorable relations with China as the eminent rising power.

E. RESEARCH DESIGN

This thesis will be organized around contemporary literature on Vietnam foreign policies. In addition, published news articles and academic political analyses of Vietnam foreign policies account for most of the secondary sources used for this thesis. Vietnam's historical trends in maintaining strong political and economic ties with China are well documented due to its proximity in geography, but recent Chinese threat perception has presented greater challenge for Vietnam and has driven it to broaden relations with regional powers, most notably the United States, Japan, and India. However, Vietnam is reluctant

⁹¹ Vuving, "Strategy and Evolution of Vietnam's China Policy: A Changing Mixture of Pathways," 815; Goh, "Meeting the China Challenge: The U.S. In Southeast Asian Regional Security Strategies," 22; Percival, *The Dragon Looks South: China and Southeast Asia in the New Century*, 30.

⁹² Kuik, "Comparing Asean Core States' Alignment Behavior: Variations on a (Hedging) Theme:," 2–23.

to allow relations with the United States to reach full potential for fear of Chinese reprisal and regime change. In considering, this thesis attempts to determine how much of Vietnam's policy has changed since the early 2010s in response to China's aggression and the reasons for that change.

This thesis will further examine evidence in recent years to determine whether Vietnam is still hedging as hypothesized by adopting Kuik's Power Rejection/Acceptance Spectrum. This thesis will explore evidence through two case studies. The first case study is on Vietnam's military modernization effort. The second case study is on Vietnam's binding-engagement to maximize its diplomatic benefits through institutionalized bilateral and multilateral platforms. Both case studies will examine evidence since the early 2010s to determine whether it matches with Kuik's definition of hedging behaviors based on the Power Rejection/Acceptance Spectrum. Finally, both case studies will offer assessment about the causes of Vietnam's policy choices and determine whether they are similar to or different from the reasons why Vietnam hedged in the 1990s, and lastly, determine if there is any inclination toward balancing behavior.

The first case study will focus on Vietnam's military modernization. Vietnam's military upgrades and modernizations are not new, but recent years have seen Vietnam significantly boosted its defense spending. These spending have been concentrated on defense, importing modern hardware and growing its own defense industry. Given a long coastline facing the South China Sea and the majority of its population living along the coast, Vietnam sees the South China Sea as a strategic pathway for economic growth and development. Therefore, developing a capable and modern military is in the best interest of Vietnam to protect its sovereignty. While the territorial disputes between China and Vietnam in South China Sea often define the characteristics of Sino-Vietnamese relationship, this case study will not provide a detailed analysis of this issue. Instead, this case study will focus on how Vietnam is hedging by analyzing Vietnam's military modernization and defense relations with regional partners.

In the second case study, Vietnam's strategy has been to engage and bind China through various institutionalized bilateral and multilateral platforms. Binding-engagement, as explained earlier in the Literature Review section, can be thought of as a policy designed

to increase participation in various institutions in order to maximize diplomatic benefits and manage relations with the rising power. In doing so, Vietnam establishes broader defense cooperation with international and regional powers, including China, and enveloping it in order to meet Vietnam's agendas. Vietnam knows it alone cannot compete with China militarily or economically, but through regional defense and economic institutions, Vietnam may have higher chance of influencing China's long-term behaviors.

F. THESIS OVERVIEW

The thesis is structured into four chapters. The first chapter establishes the international relations theory and Vietnam's historical and current policy toward China. The second chapter examines the causes and implication of Vietnam's military modernization effort. The third chapter focuses on Vietnam's binding-engagement effort through regional and international forums (enmeshment). The fourth chapter offers a final assessment about the causes of Vietnam's policy choices and determines whether they are similar to or different from the reasons why Vietnam hedged in the 1990s. Lastly, the chapter assesses the inclination of Vietnam moving toward a balancing behavior.

II. VIETNAM'S MILITARY MODERNIZATION

The Vietnamese People's Army (VPA) military upgrades are not new, but recent years have seen Vietnam significantly boost its defense spending through acquiring modern hardware and developing its domestic defense industry. This chapter discusses Vietnam's military modernization effort since the beginning of 2010s. The chapter is divided into three sections. The first outlines the details of Vietnam's military modernization efforts through procurements from foreign partners and development of its own defense industry. The second section then identifies the causes of Vietnam's defense modernization. Finally, the last section concludes with an analysis of Vietnam's overall defense modernization to support this study's argument that Vietnam is hedging by applying Kuik's Power Rejection/Acceptance Spectrum and Jackson's definition of hedging.

A. MILITARY MODERNIZATION IN VIETNAM

Since the collapse of the Soviet Union, Vietnam has transformed from a once diplomatically isolated country to having one of the most dynamic and complex defense policies in Southeast Asia. The *doi moi* economic reform that started in 1986 had positioned Vietnam toward military modernization through importing modern hardware and growing its own defense industry.⁹³ Vietnam's 2009 National Defense White Paper stated:

In order to provide enough weapons and technological equipment for the armed forces, in addition to well maintaining and selectively upgrading existing items, Vietnam makes adequate investments to manufacture on its own certain weapons and equipment commensurate with its technological capabilities, while procuring a number of modern weapons and technological equipment to meet the requirements of enhancing the combat strength of its people's armed forces. (Ministry of National Defense, 2009)

The Stockholm International Peace Research Institute (SIPRI) estimated that Vietnam increased its military spending by 200 percent from 2007 to 2017. In terms of military expenditure, Vietnam spent about \$5 billion on defense in 2016, compared to

⁹³ Le, "Vietnam's Hedging Strategy against China since Normalization," 351.

China's \$255 billion and the United States' \$522 billion in the same period.⁹⁴ In addition, Vietnam inked numerous defense contracts with multiple partners, which put Vietnam as the world's eighth largest importer of weapons systems from 2011 to 2015.⁹⁵ Thayer estimates that naval acquisitions accounted for 53 percent of the VPA's arms, air force acquisitions represented 25 percent, missiles 12 percent, air defense systems, sensors, and engines accounted 9.7 percent in 2016. Thayer argues that these figures "confirm Vietnam has placed priority on improving its naval and air capabilities, especially for maritime missions, air defense and maritime domain awareness."⁹⁶ The following sections will examine Vietnam's weapons acquisition and its growing defense industry.

1. Weapons Procurement

Russia remains Vietnam's main weapons supplier despite the breakup of the Soviet Union and its withdrawal from Southeast Asia. In fact, over 80 percent of Vietnam's military hardware remains Russian, which makes Vietnam's military virtually integrated with Russian hardware and defense systems, which also mirrors Russian tactical and operational experience.⁹⁷ With regard to Vietnam's procurement of Russian hardware, Hanoi has ordered six Russian-built state-of-the-art Kilo class submarines, five of which have been delivered to Vietnam and the entire fleet expected to be fully operational in 2017.⁹⁸ Two Gepard vessels are already in service with the Vietnamese navy for anti-submarine warfare.⁹⁹ In addition, Vietnam has ordered four more Gepard-class frigates from Russia and expects to build four Molniya-class corvettes under license.¹⁰⁰ The

⁹⁴ Stockholm International Peace Research Institute, "World Military Spending," (2017), <http://visuals.sipri.org/>.

⁹⁵ Ibid.

⁹⁶ Carlyle A. Thayer, "Vietnam: Defence Policy, Capability and Defence Economics," *Thayer Consultancy Background Brief* March 2, 2017 (2017).

⁹⁷ Jackie Northam, "Now That Vietnam Can Buy U.S. Weapons, What Will It Want?," NPR (May 24, 2016), <http://www.npr.org/2016/05/24/479274241/u-s-defense-contractors-may-be-slow-to-profit-from-lifting-of-arms-embargo-again>.

⁹⁸ Prashanth Parameswaran, "Vietnam Gets Fifth Submarine from Russia," *The Diplomat* (April 09, 2016), <http://thediplomat.com/2016/02/vietnam-gets-fifth-submarine-from-russia/>.

⁹⁹ Zachary Abuza and Nhat Anh Nguyen, "Little Fallout: Vietnam's Security Policy after the 12th Congress of the Vietnam Communist Party," (Center for International Maritime Security, 2016).

¹⁰⁰ Ibid.

Vietnamese Air Force is almost entirely equipped with a fleet of 30 Russian-supplied Sukhoi-30 fighter-bombers and older Russian built Sukhoi-27s. In general, the majority of maintenance, repair, or logistics network is geared toward Russian technology, so Vietnam will continue to see Russia as its main supplier of arms in the foreseeable future.¹⁰¹

In addition to a wealth of Russian hardware, Vietnam has sought to acquire weapons and receive military training from various countries, particularly India. Vietnam and India signed a Memorandum of Understanding (MOU) in 2007 to step up defense ties on training, exchanges, and port visits. Since then, Vietnamese pilots, officers, and submariners have attended basic technical courses at Indian bases.¹⁰² As major importers of Russian defense systems, both India and Vietnam share a high degree of system interoperability. For this reason, India is helping Vietnam upgrade its Petya-class light frigates for anti-submarine warfare and expanding its service program to upgrade existing Vietnamese stocks of Soviet-era military equipment, including armored vehicles, tanks, and helicopters.¹⁰³ Vietnam's increasing preference for Indian hardware in terms of military procurement is important as it can lessen Vietnam's dependency on Russian arms.¹⁰⁴ Recently, India has setup a satellite tracking and imaging center in Vietnam in exchange for Hanoi's access to ISR capabilities from Indian observation satellites that cover the South China Sea.¹⁰⁵ Furthermore, India has offered Vietnam a \$500 million line of credit for defense purchases and \$5 million to set up a military information technology software in southern Vietnam.¹⁰⁶

¹⁰¹ Rakesh Krishnan Simha, "Russia to Rule Vietnam Arms Market Despite Us Entry," *Russia Beyond the Headlines* (June 2, 2016), https://www.rbth.com/blogs/continental_drift/2016/06/02/russia-to-rule-vietnam-arms-market-despite-us-entry_599127.

¹⁰² Thayer, "Vietnam: Defence Policy, Capability and Defence Economics."

¹⁰³ Ibid.

¹⁰⁴ "How India-Vietnam Strategic Ties Are Mutually Beneficial," *The Diplomat* (December 03, 2013), <https://thediplomat.com/2013/12/how-india-vietnam-strategic-ties-are-mutually-beneficial/>.

¹⁰⁵ Lindsay Murdoch, "Vietnam to Gain Satellite Views of South China Sea Thanks to Indian Agreement," *The Age* (January 26, 2016), <http://www.theage.com.au/world/vietnam-to-gain-satellite-views-of-south-china-sea-thanks-to-indian-agreement-20160126-gme23v.html>.

¹⁰⁶ Carlyle A. Thayer, "Vietnam's Proactive International Integration: Case Studies in Defence Cooperation," (2016): 32.

Vietnam's multilateral relations also come with benefits and flexibility to purchase weapons from countries outside of Asia. Even though Vietnam still depends on Russian military equipment, it has begun to import armaments from Europe. According to information provided by the U.S. Embassy in Hanoi, these European armaments have been purchased by Vietnam through direct commercial sale.¹⁰⁷ In one instance in 2012, Vietnam purchased three of Airbus' military C212-400 from the European Aeronautic Defense and Space Company (EADS) through FMS.¹⁰⁸ Additionally, Vietnam is also considering purchasing Israel's advanced Delilah standoff-range air-to-surface missile that is capable of extreme accuracy when fitted with Russian-made fighters.¹⁰⁹ Another weapon system that Vietnam acquired from Israel was the SPYDER anti-air missile system that can destroy airborne targets such as aircraft, cruise missiles, and UAVs in any weather conditions.¹¹⁰

The United States' entry into Vietnam's defense market came in summer 2016 when the Obama Administration lifted the lethal arms embargo against Vietnam in a sign of increased military cooperation and investments in Vietnam.¹¹¹ Since then, Vietnam has contemplated purchasing Lockheed Martin's P-3C Orion maritime patrol aircraft, F-16 fighters, and other military systems for surveillance and air defense.¹¹² In an interview, Senior Lieutenant General and former Director of National Defense Academy Nguyen Tien Trung reiterated that "Vietnam's goal is to aim for the development of military technology,

¹⁰⁷ U.S. Department of Commerce, "Vietnam Country Commercial Guide - Defense Sector," (July 19, 2017), <https://www.export.gov/article?id=Vietnam-Defense-Sector>.

¹⁰⁸ Airbus Company. "Vietnam Takes Delivery of Its First Airbus Military C212-400." August 01, 2011 https://company.airbus.com/news-media/press-releases/Airbus-Group/Financial_Communication/2011/08/20110801_airbus_military_vietnam_c212.html

¹⁰⁹ Alvite Ningthoujam, "Vietnam, an Emerging Partner in Israel's 'Asia Pivot' Policy," *The Begin-Sadat Center for Strategic Studies* (May 17, 2017), <https://besacenter.org/perspectives-papers/vietnam-partner-israel-asia-pivot-policy/>.

¹¹⁰ Tuoi Tre News, "Vietnam Buys Israeli-Made Air Defense Missile System, Radar," *Tuoi Tre News* (October 30, 2015), <http://tuoitrenews.vn/politics/31293/vietnam-buys-israelimade-air-defense-missile-system-radar>.

¹¹¹ Gardiner Harris, "Vietnam Arms Embargo to Be Fully Lifted, Obama Says in Hanoi," *The New York Times* (2016), <https://www.nytimes.com/2016/05/24/world/asia/vietnam-us-arms-embargo-obama.html>.

¹¹² Wendell Minnick, "Vietnam May Request F-16s, P-3 Orions from U.S.," *Defense News* (May 25, 2016), <https://www.defensenews.com/global/asia-pacific/2016/05/25/vietnam-may-request-f-16s-p-3-orions-from-us/>.

producing some ourselves and buying technologies and modern weapons from conventional arms-dealer countries.” Trung also emphasized that Vietnam’s purchase from the United States would include vehicles, not weapons, that are compatible with Vietnam’s current weapons systems, such as surveillance aircraft, patrol ships, aircrafts and lifeboats.¹¹³

2. Domestic Defense Industry

In addition to Vietnam’s procurement of advanced weapons from foreign partners, Vietnam is also developing its domestic defense industrial capability through overseas partnerships and technology transfers. Since the fall of the Soviet Union, Vietnam understood that its defense policy required a new arms source for its military.¹¹⁴ This arms industry was needed to satisfy Vietnam’s aging systems’ requirement for repairs and upgrades on weapons and equipment for the armed forces.¹¹⁵ One area where the VPA helps leading to its modernization progress is its active involvement the production of weapons and military hardware.¹¹⁶ By the late 2000s, the Vietnamese government enacted the Ordinance on Defense Industry to provide the VPA an outline in developing domestic arms production.¹¹⁷ Since then, Vietnam has produced a variety of weapons, ranging from small arms such as mortars, automatic grenade launchers, and basic unmanned aerial vehicles.¹¹⁸

Vietnam’s small, underdeveloped, yet growing, domestic defense capability currently offers limited opportunities for foreign companies to venture into the Vietnamese domestic defense market; however, foreign firms are seeing more opportunities as Vietnam

¹¹³ VietnamExpress, “Vietnamese General: Vietnam Should Buy Vehicles, Not Weapons from U.S.,” *VietnamExpress* (May 30, 2016), <http://e.vnexpress.net/news/news/vietnamese-general-vietnam-should-buy-vehicles-not-weapons-from-u-s-3411498.html>.

¹¹⁴ Thayer, “Force Modernization: The Case of the Vietnam People’s Army,” 7.

¹¹⁵ *Ibid.*, 8.

¹¹⁶ GlobalSecurity. “Vietnam Arms Indusy.” GlobalSecurity.org 2017
<https://www.globalsecurity.org/military/world/vietnam/industry.htm>

¹¹⁷ Le, “Vietnam’s Hedging Strategy against China since Normalization,” 356.

¹¹⁸ GlobalSecurity. “Vietnam Arms Indusy.” GlobalSecurity.org 2017
<https://www.globalsecurity.org/military/world/vietnam/industry.htm> ; Le, “Vietnam’s Hedging Strategy against China since Normalization.”

relaxes its regulatory framework for defense equipment and services to Vietnam.¹¹⁹ Moreover, foreign investors have been encouraged by technology transfer deals, co-production, and service agreements to do business with Vietnam.¹²⁰ These countries include Belarus, India, the Netherlands, and the Ukraine.¹²¹

As Vietnam seeks to widen the spectrum of international partnerships, it also wants to lessen its dependency on Russian hardware, while expanding collaboration with diversified partners.¹²² Vietnam's domestic defense industry strategy encompasses not only traditional partnerships, but also extends to nations that Vietnam considers partners in economic trade and technology transfer. For example, Israel has become one of Vietnam's biggest partners in research, development, and technology transfer, especially in the security and defense sector.¹²³ Conversely, Vietnam produces Israeli arms under license, specifically, a type of Israeli drone that is capable of loitering up to 52 hours duration at 35,000 ft.¹²⁴ In addition, Vietnam is also seeking to purchase and, in collaboration with Israel's state-owned Israel Military Industries, to manufacture weapon systems that include advanced tank rounds, artillery systems, and precision artillery rockets designed for long range.¹²⁵ Other notable Vietnamese partnerships include an agreement with the Netherlands in assisting Vietnam to design and produce both commercial and military vessels.¹²⁶ Lastly, Vietnam also has technology transfers agreement with Russia that enables Vietnam to produce its own anti-surface warfare missiles and using Russia's own design.¹²⁷

¹¹⁹ U.S. Department of Commerce, "Vietnam Country Commercial Guide - Defense Sector."

¹²⁰ ICD Research, "The Vietnamese Defense Industry – Market Opportunities and Entry Strategies, Analyses and Forecasts to 2015," (Strategic Defense Intelligence, August 2011), 43.

¹²¹ Le, "Vietnam's Hedging Strategy against China since Normalization," 356.

¹²² Ministry of National Defense, "Vietnam National Defense," (Hanoi, Vietnam 2009), 23, 39–46, 96.

¹²³ "Vietnam Seeks Closer Defense Trade Ties with Israel," *Defense News* (February 27, 2016), <http://www.defensenews.com/articles/vietnam-seeks-closer-defense-trade-ties-with-israel>.

¹²⁴ Abuza and Nguyen, "Little Fallout: Vietnam's Security Policy after the 12th Congress of the Vietnam Communist Party."

¹²⁵ Defense News, "Vietnam Seeks Closer Defense Trade Ties with Israel."

¹²⁶ U.S. Department of Commerce, "Vietnam Country Commercial Guide - Defense Sector."

¹²⁷ Le, "Vietnam's Hedging Strategy against China since Normalization," 356.

In summary, Vietnam's increasing trend toward military modernization and defense cooperation with regional powers have proven to be a success story in Vietnam's full international integration since *doi moi* reform. First, Vietnam has expanded its weapons suppliers to encompass multiple partners instead of relying mainly on Russia's weapons systems. Second, Vietnam has developed notable homegrown shipbuilding programs, along with UAV and missile technologies by promoting research, development, and technology transfer from partner nations. These two notable characteristics for defense modernization have given Vietnam greater access to its training, exercises, security assistance, and defense equipment cooperation.

B. CAUSES OF MILITARY MODERNIZATION

Given the majority of Vietnam's population living along the coast facing the South China Sea, Hanoi sees the South China Sea as a strategic pathway for economic growth and development. Therefore, developing a capable and modern military is in the best interest of Vietnam to protect its sovereignty and economic gains. There are two main potential explanations for the cause of Vietnam's military modernization. The first and most commonly accepted explanation is the rise of Chinese aggressive behavior in the South China Sea. The second explanation is the economic effect, which argues that Vietnam's economic growth since *doi moi* reform has provided opportunity for Vietnam to modernize and upgrade its military capabilities. This section will examine both explanations.

1. China as a Factor

One of the most prominent issues Vietnam faces is the heightened tension with China over the South China Sea disputes, which has led Vietnam to strengthen its military for possible future armed conflict with China. The past few years have seen China enforcing its claims of over 90 percent of the sea; these enforcements include a Chinese naval ship opening fire at Vietnam's and other states' fishing vessels, allegedly damaging

Vietnamese research ships, and placing oil-rigs inside Vietnam's territorial waters.¹²⁸ These confrontations at sea have greatly intensified the anti-China sentiments and nationalism in Vietnam. Moreover, Vietnam stands out as the one of the most, if not the most critical of China's assertion and influence among ASEAN.¹²⁹

While the territorial disputes between China and Vietnam in the South China Sea within the last decade have often defined the characteristics of Sino-Vietnamese relationships, it should be noted that tensions between the two countries have persisted for centuries. Even though both countries share the same political ideology, China remains the biggest external security threat to Vietnam and is one of the major factors in shaping Vietnam's foreign relations.¹³⁰ Furthermore, Vietnam has long been wary of China's intentions, especially along its northern border and China's oil exploration off its coasts. From the Vietnamese perspective, disputes over land as well as control over the South China Sea have been viewed as an extension of China's physical territorial grab from its imperialistic past.¹³¹ This perception is substantiated by the frequent military conflicts with China over the last fifty years, most notably from China's takeover of the Paracel Islands from Vietnam in 1974, then a punitive invasion in 1979, and China's occupation of the Johnson South Reef in 1988.

In 2009, Vietnam and Malaysia issued a joint submission to the United Nations Commission on the Limits of the Continental Shelf to define and claim Vietnam's 12 nautical miles from the coast of its landmass pursuant to Article 76 of the 1982 United

¹²⁸ Jane Perlez, "Dispute Flares over Energy in South China Sea," *The New York Times* (December 4, 2012), <http://www.nytimes.com/2012/12/05/world/asia/china-vietnam-and-india-fight-over-energy-exploration-in-south-china-sea.html>; Pamela Boykoff, "Vietnam Fishermen on the Front Lines of South China Sea Fray," *CNN* (12 July, 2016), <https://www.cnn.com/2016/05/22/asia/vietnam-fisherman-south-china-sea/index.html>; Shannon Tiezzi, "Vietnam to China: Move Your Oil Rig out of the South China Sea," *The Diplomat* (April 09, 2016), <http://thediplomat.com/2016/04/vietnam-to-china-move-your-oil-rig-out-of-the-south-china-sea/>.

¹²⁹ Gregory Poling, "South China Sea: Vietnam Takes up Fight against China," *CNN* (August 14, 2017), <http://www.cnn.com/2017/08/14/opinions/vietnam-south-china-sea-gregory-poling/index.html>.

¹³⁰ Goh, "Meeting the China Challenge: The U.S. In Southeast Asian Regional Security Strategies," 19.

¹³¹ Robert D Kaplan, *Asia's Cauldron: The South China Sea and the End of a Stable Pacific* (New York: Random House, 2014), 51–63.

Nations Convention on the Law of the Sea (UNCLOS).¹³² China responded by submitting its imprecise nine-dash line, claiming close to the entirety of the South China Sea.¹³³ Since then, scholars and news-outlets have reported increased Chinese activities to enforce China's maritime claim by imposing fishing bans, seizing fishing vessels, harassing ships conducting explorations, issuing bids for oil exploration in contested waters, and building military structures on key features in the South China Sea.¹³⁴

In 2009, Vietnam's National Defense White Paper listed the disputes and challenges to national sovereignty and territorial integrity in the South China Sea as a major traditional threat facing the country.¹³⁵ Thayer emphasizes that because "Vietnam's strategic environment has become more complex due to the rise of China and the modernization of the People's Liberation Army...greater emphasis has been placed on Vietnam's capabilities to protect its offshore territorial claims."¹³⁶ According to the Asia Maritime Transparency Initiative (AMTI), Vietnam issued its 2011 White Paper on defense detailing maritime strategy for 2011–2020 that required "making the protection of maritime sovereignty and the maritime economy key national security pillars."¹³⁷ In 2014, former Defense Minister General Phung Quang Thanh stressed the importance of developing a modernized army to "protect territorial integrity in the new situation [that] requires synergy... and modern weapons and equipment... to be able to protect the airspace, waters,

¹³² Socialist Republic of Vietnam, "Joint Submission to the United Nations Commission on the Limits of the Continental Shelf," (May 2009); United Nations. "United Nations Convention on the Law of the Sea." United Nations 1982 http://www.un.org/Depts/los/convention_agreements/texts/unclos/closindx.htm

¹³³ Robert Beckman, "The Un Convention on the Law of the Sea and the Maritime Disputes in the South China Sea," *American Journal of International Law* 107, no. 1 (2013): 174.

¹³⁴ Nguyen, "New Context of Vietnam's National Security Challenges," 22; Hunter Marston, "Why Tensions Are Rising between Vietnam and China," *Foreign Affairs* (August 15, 2017), <https://www.foreignaffairs.com/articles/asia/2017-08-15/why-tensions-are-rising-between-vietnam-and-china?cid=int-fls&pgtype=hpg>.

¹³⁵ Nguyen, "New Context of Vietnam's National Security Challenges," 20–21.

¹³⁶ Carlyle A. Thayer, "Vietnam People's Army: Development and Modernization," in *Sultan Haji Hassanal Bolkiah Institute of Defence and Strategic Studies* (Bandar Seri Begawan, Brunei2009).

¹³⁷ Murray Hiebert and Phuong Nguyen, "Vietnam Ramps up Defense Spending, but Its Challenges Remain," *Asia Maritime Transparency Initiative* (March 18, 2015), <https://amti.csis.org/vietnam-ramps-up-defense-spending-but-its-challenges-remain/>.

and territorial integrity of the country.”¹³⁸ Again, at the Twelfth National Party Congress in 2016, the newly appointed Defense Minister General Ngo Xuan Lich reiterated the country’s need to “strengthen the formation of an official, elite, and modern army with high synergies and combat readiness, which will be the pivotal force in national defense.” General Lich also cautioned that “Vietnam will face several challenges and difficulties as the situation in the East Vietnam Sea (South China Sea) is expected to intensify, requiring much more efforts in building and defending the nation.”¹³⁹

Events of the past decade in the South China Sea further confirmed Vietnam’s interpretation of China’s growing assertiveness as a continuing threat to its sovereignty. China’s assertiveness also demonstrated its determination to make the area solely for its strategic purposes. In May and June of 2011, Vietnamese ships, operated by state-run energy company PetroVietnam, had their cables cut by Chinese naval patrol boats while conducting underwater survey of the South China Sea within Vietnam’s Exclusive Economic Zones (EEZ).¹⁴⁰ Although China denied the allegation that it had cut the cables, it also blamed Vietnam for the tensions and the troubles it had caused by violating China’s sovereignty.¹⁴¹ These actions and confrontations between Chinese and Vietnamese vessels promoted anti-Chinese protests in Hanoi. In March 2012, China detains Vietnamese fishermen close to the Paracel Islands, claiming that they had been fishing in Chinese waters illegally.¹⁴²

¹³⁸ VietnamNet, “Vietnam to Release White Paper on Defence This Year,” *VietnamNet* (April 12, 2014), <http://english.vietnamnet.vn/fms/government/117961/vietnam-to-release-white-paper-on-defence-this-year.html>.

¹³⁹ Tuoi Tre News, “Vietnam Will Confront New Maritime Challenges, Difficulties: Military General,” *Tuoi Tre News* (Jan 22, 2016), <http://tuoitrenews.vn/politics/32895/vietnam-will-confront-new-maritime-challenges-difficulties-military-general>.

¹⁴⁰ CNN, “China and Vietnam: A Timeline of Conflict,” *CNN* (June 27, 2011), <http://www.cnn.com/2011/WORLD/asiapcf/06/27/china.vietnam.timeline/index.html>.

¹⁴¹ Louisa Lim, “A Dispute at Sea Escalates China, Vietnam Tensions,” *NPR* (June 14, 2011), <http://www.npr.org/2011/06/14/137182730/tensions-escalate-between-china-vietnam>.

¹⁴² Hudson Lockett, “Timeline: South China Sea Dispute,” *Financial Times* (July 12, 2016), <https://www.ft.com/content/aa32a224-480e-11e6-8d68-72e9211e86ab>.

A serious point of escalation occurred in May 2014 when China moved its deep-water drilling rig *Haiyang Shiyou 981* inside Vietnam's EEZ.¹⁴³ This incident sparked major territorial disputes and further complicated relationship between the two countries as both sides exchanged heated maritime claims. Vietnam claimed that the oilrig was about 70 miles inside its EEZ. China claimed that the oilrig was within its claim to the Paracel Islands, which China controls. That same month, a Vietnamese fishing boat sank near the oilrig after being rammed by a Chinese vessel.¹⁴⁴ This incident caused massive anti-Chinese protests in Hanoi and other major cities throughout Vietnam, which saw over a dozen Chinese factories damaged or destroyed by protesters.¹⁴⁵ For the international community, this series of protests marked the most serious bilateral relations since both countries normalized relations.¹⁴⁶ Vietnam formally logged complaints to China and initiated top-level discussions with the Chinese leadership. In response, China denied Vietnam's negotiation requests and continued to park its oil rig until mid-July 2014.¹⁴⁷

In June 2017, Vietnam was forced to halt its gas drilling exploration project with a subsidiary of the Spanish company Repsol after China reportedly threatened to attack Vietnamese bases in the Spratly Islands.¹⁴⁸ The site of the drilling was about 400 kilometers off Vietnam's southeast coast in the disputed waters. Thayer asserts that the threats are "an alarming escalation of Chinese assertiveness and forms part of an emerging pattern of

¹⁴³ Taylor, "The \$1 Billion Chinese Oil Rig That Has Vietnam in Flames."

¹⁴⁴ "Vietnam Says China Still Ramming Boats, Airs Sinking Video," *Bloomberg* (June 5, 2014), <https://www.bloomberg.com/news/articles/2014-06-05/vietnam-says-china-still-harassing-boats-shows-video-of-sinking>.

¹⁴⁵ Donald Kirk, "Vietnam's Anti-China Protests Reflect Grievances Far Beyond China's Rig in South China Sea," *Forbes* (May 17, 2014), <https://www.forbes.com/sites/donaldkirk/2014/05/17/vietnamese-anti-china-protests-reflect-grievances-far-beyond-chinas-oil-rig/#67b288e778c8>.

¹⁴⁶ Le, "Vietnam's Alliance Politics in the South China Sea," 13.

¹⁴⁷ Xuan Luc Doan, "Vietnamese Pm's China Visit Significant," *Asia Times* (September 16, 2016), <http://www.atimes.com/vietnamese-pms-china-visit-significant-2/>.

¹⁴⁸ Nyshka Chandran, "China Reportedly Threatens Vietnam into Ending Energy Exploration in South China Sea," *CNBC* (July 23 2017), <https://www.cnn.com/2017/07/23/china-threatens-vietnam-over-south-china-sea-drilling.html>.

increased Chinese bellicosity.”¹⁴⁹ In addition, the threat also has long-term consequences for Vietnam, including the possibility of scaring away foreign oil foreign companies and more significantly, limiting Vietnam’s future energy security.¹⁵⁰

2. Economic Growth as a Factor

A second explanation for Vietnam’s military modernization points to its success in *doi moi* economic renovations. Vietnam’s economic liberalization and gross domestic product (GDP) growth since the 1990s have provided Hanoi the opportunity to replace its outdated weapons and upgrade capabilities because its economy can allow it and there are more available resources.¹⁵¹ According to the ICD Research on Vietnamese Defense Industry, there is a strong correlation between Vietnam’s economic growth and its quest for military modernization.¹⁵² This explanation for Vietnam’s military modernization, therefore, rests upon the premise that China is not the target for Vietnam’s military upgrades, but rather Vietnam’s domestic drive to modernize the VPA and its defense industry. This explanation assumes that Hanoi is preparing for the worst-case scenario in an event of an attack in the future. This explanation also rests on the premise that Vietnam, and most other Southeast Asian countries, have also increased military spending in an intra-ASEAN military competition.

The notion that economic rise is a major contributing factor to military growth is not a new one, as many countries have experienced military strengthening following strong

¹⁴⁹ Carlyle A. Thayer, “Alarming Escalation in the South China Sea: China Threatens Force If Vietnam Continues Oil Exploration in Spratlys,” *The Diplomat* (July 24, 2017), <https://thediplomat.com/2017/07/alarming-escalation-in-the-south-china-sea-china-threatens-force-if-vietnam-continues-oil-exploration-in-spratlys/>.

¹⁵⁰ Ibid.

¹⁵¹ D.B.H. Denoon, *China, the United States, and the Future of Southeast Asia: U.S.-China Relations* (New York: NYU Press, 2017), 181; Robert Karniol, “Too Much, Too Soon?,” *The Straights Times* (January 4, 2010), <http://Army.vietstudies.info/kinhte/TooMUchTooSoon.htm>.

¹⁵² ICD Research, “The Vietnamese Defense Industry – Market Opportunities and Entry Strategies, Analyses and Forecasts to 2015,” 23.

economic growth.¹⁵³ In addition, research has found that today's fast-growing economies often dedicate an increasing share of their national resources to defense expenditures when the "external environment appears highly unstable."¹⁵⁴

Since the early 1990s, Vietnam has listed the "danger of falling behind neighboring countries economically" as one of the "four threats" facing the country.¹⁵⁵ In response, Vietnamese leaders needed to focus on the economy.¹⁵⁶ This new strategic direction allows Vietnam to develop and adopt a "strong economy, just enough for national defense capability, and expanded international relations."¹⁵⁷ More recently, at a press interview, former Prime Minister Nguyen Tan Dung stated that since Vietnam has a long coastline, which "requires protection, and therefore, armed forces modernization is not a matter of contingency or arms race."¹⁵⁸ Dung went on to say that "we modernize our armed forces when the economic conditions allow, and that is normal."¹⁵⁹ Furthermore, Thayer argues that Vietnam's orders of additional Russian fighter aircraft was "linked to economic growth."¹⁶⁰

In addition to strong economic growth contributing to arms modernization, the VPA itself has also ushered in various ways of modernization through state-owned

¹⁵³ Terri Moon Cronk, "Dod Report: China's Military Investments Continue," *U.S. Department of Defense* (May 13, 2016), <https://www.defense.gov/News/Article/Article/759522/dod-report-chinas-military-investments-continue/>; Eric Heginbotham and Michael S. Chase, "China's Military Modernization: Eric Heginbotham and Michael Chase in Conversation," no. November 11, 2017 (2017), <https://www.rand.org/blog/2015/09/chinas-military-modernization-eric-heginbotham-and.html>.

¹⁵⁴ Jasen J. Castillo et al., *Military Expenditures and Economic Growth* (Santa Monica, CA: RAND Corporation, 2001), 11.

¹⁵⁵ Nguyen, "New Context of Vietnam's National Security Challenges," 5–6.

¹⁵⁶ Ibid.

¹⁵⁷ Vu Tung Nguyen, "Vietnam's Security Challenges: Hanoi's New Approach to National Security and Implications to Defense and Foreign Policies," *National Institute for Defense Studies* (2010): 121; Denoon, *China, the United States, and the Future of Southeast Asia: U.S.-China Relations*, 181.

¹⁵⁸ Denoon, *China, the United States, and the Future of Southeast Asia: U.S.-China Relations*, 181; Nguyen, "Vietnam's Security Challenges: Hanoi's New Approach to National Security and Implications to Defense and Foreign Policies," 121.

¹⁵⁹ Denoon, *China, the United States, and the Future of Southeast Asia: U.S.-China Relations*, 181; Nguyen, "Vietnam's Security Challenges: Hanoi's New Approach to National Security and Implications to Defense and Foreign Policies," 121.

¹⁶⁰ Carlyle A. Thayer, "Vietnam: New Order for Su30mks," *Thayer Consultancy* (2010).

enterprises. As early as the late 1950s, the VPA has included economic development in its mission to provide national defense.¹⁶¹ Since then, it is estimated that there are over 100 VPA-managed enterprises and 20 foreign-invested companies that are operational in several sectors of the national economy.¹⁶² The *doi moi* economic reform further increased Vietnam's economic development and opened the country's economy to new markets and foreign investments. In addition, Vietnam's pursuit to be an industrialized nation by 2020 has provided impetus for the VPA to further modernize its capabilities and build a stronger defense industry.¹⁶³ Vietnam's push to achieve industrialized status and the VPA's involvement in economic development both likely strengthened Hanoi's motivation to increase its spending and international defense cooperation.

In summary, two main potential causes have been presented for Vietnam's military modernization: heightened tension with China over the South China Sea territorial claim and strong economic performance giving growth to military modernization. First, this section demonstrates that Vietnam views China as its chief security concern to sovereignty, energy security, and economic interest, especially with recent issues regarding the South China Sea disputes. Since China will continue to need more energy for its growing military and economic capabilities, Vietnam will likely maintain tension-filled relations with its giant neighbor. Although Vietnam's military is no match for China's well-equipped and modern armed forces, Vietnam has been perceived as investing in a deterrent capacity by acquiring weapons and modernizing its forces.

This section also offers an alternate cause for Vietnam's military modernization, which leans heavy on the economic growth since *doi moi* reform. Vietnam has been able to achieve military modernization by committing a growing share of the government's economy and resources to its defense. These expenses were mainly done by acquiring

¹⁶¹ Anne Raffin, "Assessing State and Societal Functions of the Military and the War Experience in Doi Moi Vietnam," *Armed Forces & Society* 37, no. 1 (2011): 72.

¹⁶² *Ibid.*, 74.

¹⁶³ Hung Son Nguyen, "Vietnam: A Case Study in Naval Modernization," *Naval Modernization in South-East Asia: Nature, Causes, and Consequences* (2014): 126–31; Tuoi Tre News, "Vietnam Sticks to Goal of Becoming Industrialized Country by 2020," *Tuoi Tre News* (March 31, 2014), <https://tuoitrenews.vn/politics/18711/vietnam-sticks-to-goal-of-becoming-industrialized-country-by-%20%202020>.

military hardware and developing domestic defense industry. By increasing Vietnam's military expenditures, the VPA also reaps the benefits of a growing economy while having the potential to develop significant military capabilities.

C. ANALYSIS

As previously discussed in the Literature Review, Vietnam's hedging strategy can be thought of as a policy to maintain more than one strategic option open against uncertainty and avoid over-reliance on any external power.¹⁶⁴ With respect to military strengthening, hedging provides Vietnam the option to establish and maintain defense ties and procurement sources with more than one country. Even though over 80 percent of Vietnam's military hardware is Russian, Hanoi's fear of over-reliance on Russian equipment leads Vietnam to lessen its dependence on Moscow. For this reason, India has proven to be Vietnam's most ideal defense partner due to familiar tactical and operational experience, and familiar Russian weapons compatibility and interoperability.¹⁶⁵ Meanwhile, despite Vietnam's preference for Indian and Russian military hardware and training, Hanoi has expressed desire to purchase American-made weapons from the Japan and the United States in order to diversify its military hardware and seek compatibility with current weapons systems.¹⁶⁶

Perhaps the most commonly accepted belief that Vietnam's overarching military modernization is a reaction to China's aggression in the South China Sea; yet further analysis reveals that this may not be a one-sided view. This chapter has provided a different perspective, arguing that Vietnam's reaction does not necessarily indicate a direct response to China's or any adversary's military power, but it may be a combination of China's actions and Vietnam's economic influence. Two main reasons provide support for this

¹⁶⁴ Roy, "Southeast Asia and China: Balancing or Bandwagoning?," 306; Goh, "Meeting the China Challenge: The U.S. In Southeast Asian Regional Security Strategies," 2.

¹⁶⁵ Thayer, "How India-Vietnam Strategic Ties Are Mutually Beneficial."

¹⁶⁶ Minnick, "Vietnam May Request F-16s, P-3 Orions from U.S."; Atsushi Tomiyama, "Vietnam Eyes Secondhand Japanese Defense Gear," *Nikkei Asian Review* (June 26, 2016), <https://asia.nikkei.com/Politics-Economy/International-Relations/Vietnam-eyes-secondhand-Japanese-defense-gear>.

argument. First, Vietnam's strong economic growth, combined with the changing international environment, and the military's involvement in economic development have all played a major role in motivating military modernization effort to counter threats and keep the South China Sea stable. Second, Vietnam's military modernization goes in line with Jackson and Kuik's definitions of hedging, explaining that military buildups are done to minimize risks without directly targeting at any power or adversary.¹⁶⁷ If Vietnam's military modernization represented a direct challenge to China, then Beijing may respond by increasing its militarization effort in the South China Sea, which would further cause an unstable environment off Vietnam's shores. These two reasons are discussed more below.

Firstly, data has shown that Vietnam's strong economic growth facilitates a commensurate expansion of military spending in accordance with the National Defense White Paper, which stated the VPA's intent to "invest in manufacturing weapons and equipment" and "procuring modern weapons and technological equipment" to meet the military's requirements.¹⁶⁸ Vietnam's growing economy is also reflected in new partnerships and defense technology transfers with various countries. In addition, it has developed a stronger domestic defense industry, which is one of the main goals stated in the National Defense White Paper.¹⁶⁹ Not only has Vietnam's economic growth provided the opportunity to upgrade military capabilities, it also has expanded the VPA's involvement in economic development to achieve Vietnam's industrialized status by 2020.¹⁷⁰ Therefore, a prospering Vietnam requires a growing military to protect its freedom of navigation from traditional and nontraditional threats.

Secondly, Vietnam is not the only country in Southeast Asia that has increased military spending. Compared to other member states within ASEAN, Vietnam's total

¹⁶⁷ Jackson, "Power, Trust, and Network Complexity: Three Logics of Hedging in Asian Security," 333–34; Kuik, "How Do Weaker States Hedge? Unpacking Asean States' Alignment Behavior Towards China," 502.

¹⁶⁸ Ministry of National Defense, "Vietnam National Defense," 95.

¹⁶⁹ Ibid.

¹⁷⁰ Raffin, "Assessing State and Societal Functions of the Military and the War Experience in Doi Moi Vietnam."; Nguyen, "Vietnam: A Case Study in Naval Modernization."; Tuoi Tre News, "Vietnam Sticks to Goal of Becoming Industrialized Country by 2020."

military spending in 2016 ranks fourth behind Singapore, Indonesia, and Thailand.¹⁷¹ In addition, Vietnam's military modernization, particularly its acquisition of submarines, may appear to be adhering to regional trends for a variety of strategic goals.¹⁷² Jackson further suggests that there might be some "intra-ASEAN military competition" among Southeast Asian states.¹⁷³ Also, it seems unlikely that Vietnam's military modernization effort is aimed at its Southeast Asian counterparts since most of them do not pose any immediate threat to Vietnam's security.

Nevertheless, it can be speculated that while China continues its aggressions in the South China Sea, Vietnam will pursue increased defense modernization. However, China's influence on Vietnam's military modernization should not be taken as the primary reason; but instead be understood as a complementary goal for Vietnam to achieve security, on top of Vietnam's domestic agenda for industrialization. Overall, Vietnam's cause for military modernization is for the security of its maritime territory, but also equally important is to meet Vietnam's goal of a strong defense industry, enabled by strong economic performance. These two factors complement Vietnam's goals of achieving a self-sustained military without heavily dependent on any other power.

Finally, Vietnam's overall defense modernization or indirect-balancing has shifted Hanoi toward a risk-contingency hedging option in Kuik's Power Rejection/Acceptance Spectrum. States that seek the risk-contingency option tend to defy and reject the growing power and lean toward a balancing approach, yet they do not employ a total balancing strategy.¹⁷⁴ Through military modernization, this chapter argues that Vietnam is maintaining its hedging strategy, although the indirect balancing component has been somewhat strengthened, especially after the 2014 oil rig crisis. Through indirect balancing

¹⁷¹ Stockholm International Peace Research Institute, "World Military Spending."

¹⁷² Carlyle A. Thayer, "Southeast Asian States Deploy Conventional Submarines," *The Diplomat* (January 03, 2014), <https://thediplomat.com/2014/01/southeast-asian-states-deploy-conventional-submarines/>.

¹⁷³ Jackson, "Power, Trust, and Network Complexity: Three Logics of Hedging in Asian Security," 335.

¹⁷⁴ Kuik and Rozman, "Light or Heavy Hedging: Positioning between China and the United States," 3–4; Kuik, "How Do Weaker States Hedge? Unpacking Asean States' Alignment Behavior Towards China," 503–10.

efforts via military modernization, this form of hedging strategy allows Vietnam to maintain a level of military readiness, while preserving friendly relations with China via trade, investments, and political support. On the other hand, if Vietnam were to employ a direct balancing strategy, in which its military modernization was firmly focused on forming alliances and upgrading capabilities against China, then Beijing would perceive it as provocative and most likely intensify its military activity in the region. Such an outcome would be counter-productive for Vietnam's economy and military.

In summary, this chapter described "what" Vietnam has done in its effort to modernize its military, then proceeded to identify the "why" factors that have caused Vietnam to increase its defense spending. The first section discussed Vietnam's active involvement in procuring weapons from multiple partners instead of relying mainly on Russia's weapons systems. It also discussed Vietnam's goal to develop a homegrown defense industry. The second section provided two main reasons for Vietnam's military modernization. The first reason points to China as the main factor; the second reason links to economic growth. Both reasons provide Vietnam with a contingency military option to mitigate risks of uncertainty.

III. VIETNAM'S ENMESHMENT STRATEGY

This chapter discusses Vietnam's hedging strategy through its dynamic foreign policies involving ASEAN and the major powers in the region, which have established strategic ties with Vietnam. This chapter focuses on Vietnam's most common hedging behaviors, referred here as "enmeshment." First, Vietnam's enmeshment strategy typically displays "dominance-denial" behavior, which actively integrates major powers into an institutional arrangement to "minimize the political risks of subservience."¹⁷⁵ Second, at the bilateral and multilateral level, Vietnam exhibits "binding-engagement" behavior to maximize its "diplomatic benefits by engaging and binding big powers in various bilateral and multilateral institutions."¹⁷⁶ As a member of ASEAN, Vietnam is using its membership to transform major powers through constructivist or binding processes, causing them to either share ASEAN norms or constrain them through institutionalist mechanisms.¹⁷⁷ This chapter is divided into three sections. The first section explores Vietnam's bilateral policies through diversification with major powers in the wake of China's growing influence. The second section then gives Vietnam's proactive engagement in ASEAN since its accession in 1995. Finally, the concluding section applies Kuik's Power Rejection/Acceptance Spectrum to Vietnam's overall enmeshment strategy to support this study's argument that Vietnam is hedging.

A. VIETNAM'S BILATERAL DIPLOMACY

In 1989, Hanoi had diplomatic relations with only 23 non-communist states; today, it has diplomatic footprints in almost all countries in the world.¹⁷⁸ As Vietnam now acknowledges the benefits of international integration through diversification of its

¹⁷⁵ "How Do Weaker States Hedge? Unpacking Asean States' Alignment Behavior Towards China," 502.

¹⁷⁶ Ibid.

¹⁷⁷ Evelyn Goh, "Southeast Asian Perspectives on the China Challenge," *Journal of Strategic Studies* 30, no. 4-5 (2007): 826-27.

¹⁷⁸ Allan E Goodman, "Vietnam and Asean: Who Would Have Thought It Possible?," *Asian Survey* 36, no. 6 (1996): 594.

diplomatic relationships, Hanoi has reaffirmed its decades-old policy of “cooperation and struggle,” denoting the concept of “cooperation” to win favorable situation and avoid conflict, but simultaneously “struggling” to protect Vietnam’s national and political interests.¹⁷⁹ For example, Vietnam’s bid to gain full membership in the WTO allows it to “escape underdeveloped nation status” and be an “equal partner with other WTO members.”¹⁸⁰ Vietnam’s focus on economic cooperation has been reinforced by its leadership rationale that it must escape “economic weakness, political isolation, and economic blockade” in order to protect the country’s “security and independence” and guard national interests.¹⁸¹ Similarly, in July 2003, when the Communist Party of Vietnam (CPV) adopted Resolution No. 8, On Defense of the Homeland in the New Situation, Vietnam acknowledged that it must allow itself to “cooperate” with opposing countries for mutual interests and “struggle” against friendly countries with political disagreements that may harm Vietnam’s national interests.¹⁸²

Beginning 2001, and increasing sharply since 2013, Vietnam has pursued strategic and comprehensive partnerships with multiple countries to achieve its goal of global integration. By 2016, the list of partnerships had diversified and grown to twenty-five, including distant countries like Germany and Ukraine and neighboring countries such as Indonesia and the Philippines.¹⁸³ Vietnam has two categories of partnerships that it holds with these countries: “strategic partnership” and “comprehensive partnership.” Strategic partnerships are then classified into three levels of agreements, including “comprehensive cooperative,” “extensive,” and “comprehensive.” While the intricacy of the different levels of partnerships are subjected to Vietnam’s foreign affairs definitions, the two categories of

¹⁷⁹ Kim Ninh, “Vietnam: Struggle and Cooperation,” in *Asian Security Practice: Material and Ideational Influences*, ed. Muthiah Alagappa (Stanford CA: Stanford University Press, 1998), 458; Le, “Vietnam’s Hedging Strategy against China since Normalization,” 343–44; Thayer, “Vietnam’s Foreign Policy in an Era of Rising Sino-U.S. Competition and Increasing Domestic Political Influence,” 3–4.

¹⁸⁰ Raffin, “Assessing State and Societal Functions of the Military and the War Experience in Doi Moi Vietnam,” 74.

¹⁸¹ Nguyen, “New Context of Vietnam’s National Security Challenges.”

¹⁸² Carlyle A. Thayer, “Vietnam’s Strategy of ‘Cooperating and Struggling’ with China over Maritime Disputes in the South China Sea” “*Journal of Asian Security and International Affairs* 3, no. 2 (July 3, 2016).

¹⁸³ Thayer, “Vietnam’s Proactive International Integration: Case Studies in Defence Cooperation.”

partnerships and three levels of strategic partnerships are often used to signify the degree of cooperation and trust, as well as the extensiveness and complexity of Vietnam's bilateral relations with these countries.¹⁸⁴ In all, Vietnam refers to these partnerships as representative of its commitment to political, military, and security cooperation, but they do not constitute any military and security alliances.¹⁸⁵ Among these types of partnerships, "comprehensive cooperative strategic partnership" holds the highest designation among all partnerships. Vietnam's strategic relations with Japan, India, China, and the United States frequently get greater attention from international relations experts since these powers (excluding China) often share similar interests with Vietnam regarding security issues in the South China Sea. The next four sections will discuss Vietnam's bilateral diplomacy with Japan, India, China, and the United States.

1. Japan

In 2006, Japan became the second country with which Vietnam signed a strategic partnership, following a similar agreement with Russia in 2001.¹⁸⁶ Until recently, Vietnam-Japan relations have been primarily geared toward economic factors that include investments and trade. Beginning in 2011, defense ties have increased to include military training, nontraditional security assistance, and expert-level exchanges in defense.¹⁸⁷ Aside from developing a strong economic and defense relationship, Vietnam has allowed Japanese advisors, as the only foreign government representatives, to assist the government in developing and implementing Vietnam's industrialization strategy become a "modern industrial country" by 2020.¹⁸⁸ In addition, Japan was the first G7 country to recognize Vietnam as a "market economy."¹⁸⁹ Furthermore, Manyin argues that Vietnam's deepening

¹⁸⁴ Thanh Hai Do, *Vietnam and the South China Sea: Politics, Security and Legality* (New York: Taylor & Francis, 2016), 133.

¹⁸⁵ Ibid.

¹⁸⁶ Thayer, "Vietnam's Foreign Policy in an Era of Rising Sino-U.S. Competition and Increasing Domestic Political Influence," 17.

¹⁸⁷ Thayer, "Vietnam's Proactive International Integration: Case Studies in Defence Cooperation."

¹⁸⁸ Corey J Wallace, "Japan's Strategic Pivot South: Diversifying the Dual Hedge," *International Relations of the Asia-Pacific* 13, no. 3 (2013): 5.

¹⁸⁹ Mark Manyin, "Vietnam among the Powers: Struggle and Cooperation," in *International Relations and Asia's Southern Tier*, ed. Gilbert Rozman and Joseph Chinyong Liow (New York: Springer, 2018).

relationship with Japan offers fewer “domestic constraints” or less “controversy” than relations with the United States or China, since Vietnamese have a favorable perception of Japan and Japanese leaders often do not express their opinion over Vietnam’s human rights record.¹⁹⁰ For the Japanese government, greater relations with Vietnam will help increase its presence and integration in the area while improving its image as a partner nation to ASEAN.¹⁹¹

For the Vietnamese government, Japan represents an important partner in which the Vietnamese leadership sees a convergence of interests on maritime issues, as both countries share maritime disputes with China in their respective regions. This convergence of interests allows Vietnam to benefit from Japanese support in challenging Beijing’s claims in the South China Sea. In 2014, the two countries upgraded their existing partnership to an extensive strategic partnership, which signified a broader intention to strengthen defense and maritime collaboration.¹⁹² Since then, Japan and Vietnam have enjoyed greater defense cooperation, which has included exchanges of military delegation and visits, maritime exercises, technology training, and good will port calls by the Japanese maritime forces.¹⁹³ That same year, Japan began donating fishing vessels to Vietnam that will be converted into patrol boats for Vietnam’s coast guard and fisheries ministry.¹⁹⁴ In addition, Japanese officials have pledged to supply Vietnam with six new boats worth \$338 million that will be used to increase Vietnam’s maritime patrol in the South China Sea.¹⁹⁵ Recently, Japanese newspapers have reported that Vietnam has raised the possibility of buying secondhand American P-3C antisubmarine patrol aircraft from Japan.¹⁹⁶ These

¹⁹⁰ Ibid.

¹⁹¹ Kei Koga, “Japan’s” Strategic Coordination” in 2015: Asean, Southeast Asia, and Abe’s Diplomatic Agenda,” *Southeast Asian Affairs* 2016, no. 1 (2016).

¹⁹² Bjørn Elias Mikalsen Grønning, “Japan’s Security Cooperation with the Philippines and Vietnam,” *The Pacific Review* (2017); Koga, “Japan’s” Strategic Coordination” in 2015: Asean, Southeast Asia, and Abe’s Diplomatic Agenda,” 69.

¹⁹³ Thayer, “Vietnam’s Proactive International Integration: Case Studies in Defence Cooperation,” 28.

¹⁹⁴ Scott Cheney-Peters, “Japan to Provide Vietnam Patrol Boats Next Year,” *USNI News* (June 2, 2014), <https://news.usni.org/2014/06/02/japan-provide-vietnam-patrol-boats-next-year>.

¹⁹⁵ Mai Nguyen and My Pham, “Japan Pledges Boats to Vietnam as China Dispute Simmers,” *Reuters* (January 16, 2017), <https://news.usni.org/2014/06/02/japan-provide-vietnam-patrol-boats-next-year>.

¹⁹⁶ Tomiyama, “Vietnam Eyes Secondhand Japanese Defense Gear.”

indications suggest Vietnam's rejection of China's dominance in the region through cultivating defense and political support from Japan. Furthermore, as Japan sets out to increase its own military buildup and ensure its sea lines of communication remain open, it may seek to promote a coalition with the United States and other South China Sea claimants to maintain the balance of power in the region. Thus, Vietnam may receive political benefit from this coalition and avoid the risk of subservience to China's hegemon.

2. India

India is among Vietnam's most important defense partners in the region, not only because India was Vietnam's "most trusted friend and ally" during the Cold War, but because they do not share common borders and no major historical controversies exist between the two countries.¹⁹⁷ In 2007, India became Vietnam's third strategic partner when both countries signed a strategic partnership to expand bilateral ties and defense cooperation.¹⁹⁸ A partnership with Vietnam could support India's "Act East" policy as it aims to play a major role in securing regional maritime peace in the Indian Ocean and in the South China Sea.¹⁹⁹ Palit speculates that India will continue to increase its commitment to the region, given the economic importance of the country's trade and investments in East and Southeast Asia.²⁰⁰ In addition, India and China have long been contesting territorial claims along their 1,400-mile border. Most recently, in July 2017, the two powers almost came to a major battle over a disputed territory.²⁰¹

For the Vietnamese leadership, the growing ties between India and Vietnam complement each state's strategic interests. These ties demonstrate India's resolve to assert its influence and power beyond its borders, while also revealing Vietnam's cultivation of

¹⁹⁷ David Brewster, "India's Defense Strategy and the India-Asean Relationship," *India Review* 12, no. 3 (2013): 160.

¹⁹⁸ Carlyle A. Thayer, "Vietnam's Proactive International Integration: Case Studies in Defence Cooperation," *VNU Journal of Science* 32, no. 1S (June 5, 2016): 30.

¹⁹⁹ Amitendu Palit, "India's Act East Policy and Implications for Southeast Asia," *Southeast Asian Affairs* 2016, no. 1 (2016): 88.

²⁰⁰ *Ibid.*

²⁰¹ Steven Lee Myers, Ellen Barry, and Max Fisher, "How India and China Have Come to the Brink over a Remote Mountain Pass," *New York Times* (July 26, 2017), <https://www.nytimes.com/2017/07/26/world/asia/dolam-plateau-china-india-bhutan.html>.

power balance in the region. As such, Vietnam's dominance-denial hedging behavior provides evidence that India can act as an emerging power to challenge China in its periphery, especially in the South China Sea. Hanoi perceives that Indian political and naval presence in the South China Sea may give Vietnam the military and political support it needs to deny and reject China's dominance in the region. In January 2018, India, in its bid to counterbalance China's ambitions in Southeast Asia, hosted all ten ASEAN heads of state to discuss trade and maritime security issues.²⁰² The summit also saw India inked a major energy investment deal with Vietnam to expand its interests in the region.²⁰³ Not only has India been an avid supporter of Vietnam in a wide range of economic and defense sectors, India has also provided training and held naval exercises with Vietnam.²⁰⁴ In addition, India is one of the major powers in the region that has considerable experience in using Soviet-produced weaponry, which may have contributed to the growing defense exchanges and naval exercises between the two countries.²⁰⁵

Since 2014, both countries broadened their strategic partnership, including "expanded joint exercises, training programs, defense equipment cooperation... and port visits."²⁰⁶ India has also expressed strong commitment to modernize Vietnam's military and has placed great importance in its defense relations with Vietnam.²⁰⁷ These developments in their strategic partnership were aimed at stronger bilateral cooperation in national defense. Brewster, however, argues that while Vietnam wants to "develop India as political and economic balance to China, India is yet to prove itself as a credible a security partner to Vietnam... since India's power projection capabilities are limited and

²⁰² Richard Javad Heydarian, "India Takes Fight to China Via Seasia," *Asia Times* (January 29, 2018), <http://www.atimes.com/article/india-takes-fight-china-via-seasia/>.

²⁰³ Ibid.

²⁰⁴ Brewster, "India's Defense Strategy and the India-Asean Relationship," 152, 57, 59–60.

²⁰⁵ Ibid.

²⁰⁶ Thayer, "Vietnam's Proactive International Integration: Case Studies in Defence Cooperation," 30–32.

²⁰⁷ Suhasini Haidar, "India to Modernise Vietnam's Defence Forces," *The Hindu* (May 23, 2016), <http://www.thehindu.com/news/national/indiavietnam-bilateral-ties-india-to-modernise-vietnams-defence-forces/article6542138.ece>.

has not demonstrated commitment to the security relationship.”²⁰⁸ Because of this, Vietnam must continue to seek and establish broader strategic relationships with more countries than just India.

3. China

In 2008, China became Vietnam’s fourth strategic partner, seventeen years after both countries normalized relations.²⁰⁹ Despite their border and maritime disputes, in 2013, Vietnam and China agreed on a historic “comprehensive cooperative strategic partnership,” the “only and highest designation among all of Vietnam’s strategic partners.”²¹⁰ As strategic partners, Vietnam and China have developed ties to manage their military relations through multiple exchange and defense cooperation programs at various ministerial levels.²¹¹ One crucial element of Vietnam’s defense cooperation unique to China is the annual joint-Border Defense Friendship Exchange program, initiated in March 2014. The program involves respective defense ministers to oversee exchanges in personnel training, border cooperation, counter-terrorism exercises, research, and defense industry.²¹² In addition, Vietnam and China have been increasing their joint border patrols as well as hosting defense policy dialogues at multiple ministerial and defense levels.

As both countries share similar governing ideology, Hanoi and Beijing approach some global and domestic issues the same way, especially when it comes to distributing information and controlling domestic disturbances. Additionally, Hanoi sees China as an economic and political model to follow, in which China as opened up its economy without giving up the party’s political dominance, while warding off Western ideas that are

²⁰⁸ Brewster, “India’s Defense Strategy and the India-Asean Relationship,” 159–60.

²⁰⁹ Thayer, “Vietnam’s Proactive International Integration: Case Studies in Defence Cooperation,” 7.

²¹⁰ Thayer, “Vietnam: China a Partner of Cooperation and Object of Struggle,” *China Policy Institute Analysis* (September 11, 2017); “Vietnam’s Proactive International Integration: Case Studies in Defence Cooperation.”

²¹¹ Thayer, “Vietnam’s Proactive International Integration: Case Studies in Defence Cooperation.”

²¹² Hong Hiep Le, “Vietnam’s Strategic Trajectory: From Internal Development to External Engagement,” *Strategic Insights* 59 (2012); Thayer, “Vietnam’s Proactive International Integration: Case Studies in Defence Cooperation,” 15–16.

considered threats to the regime.²¹³ However, there are certainly differences in both countries' security and economic interests that could turn the relationship sour. The 2014 oil-rig crisis was an example that undermined bilateral relations and further cultivated Vietnam's mistrust of Chinese intention in the South China Sea.²¹⁴ After a series of visits and diplomatic talks, Vietnam and China mended relations and agreed to establish an emergency defense hotline between the two military to manage tensions at sea.²¹⁵

Vietnam's routine pattern of cooperation and struggle when dealing with a powerful and aggressive China suggests a limited-bandwagoning behavior. Hanoi's limited-bandwagoning policy is demonstrated by Hanoi's unique relationship with Beijing through deferring and forging the highest strategic partnership with Beijing in order to collaborate on sensitive issues. This policy also aims to create closer solidarity with Beijing and channels of communication to ease maritime confrontations. Despite the Sino-Vietnamese solidarity, however, public opinion vis-à-vis China has become "toxic" in the wake of recent Chinese assertions in the South China Sea in that it poses a challenge to Vietnamese leadership legitimacy and power.²¹⁶

4. The United States

The relationship between Vietnam and the United States on defense cooperation can be described as slow and cautious since both countries normalized relations in 1995. In 2003, the United States made its first naval visit to Vietnam since the end of the Vietnam War.²¹⁷ Subsequent U.S. naval visits to Vietnam boosted relations and helped solidify U.S.-Vietnam defense ties. Military relations between both countries received significant boosts during the Obama administration under the pivot to Asia strategy. In addition, to many of

²¹³ Manyin, "Vietnam among the Powers: Struggle and Cooperation," 212–13.

²¹⁴ Ibid., 214; Thayer, "Vietnam's Proactive International Integration: Case Studies in Defence Cooperation," 8.

²¹⁵ Trong Khanh Vu, "Vietnam Plans Hotline to China to Manage Tensions," *The Wall Street Journal* (October 18, 2014), <https://www.wsj.com/articles/vietnam-plans-hotline-to-china-to-manage-tensions-1413637606>; Carlyle A. Thayer, "China-Vietnam Defense Hotline Agreed: What Next?," *The Diplomat* (October 20, 2014), <https://thediplomat.com/2014/10/china-vietnam-defense-hotline-agreed-what-next/>.

²¹⁶ Thayer, "Vietnam's Foreign Policy in an Era of Rising Sino-U.S. Competition and Increasing Domestic Political Influence."

²¹⁷ Thayer, "Vietnam's Proactive International Integration: Case Studies in Defence Cooperation," 8.

Vietnamese leadership in Hanoi, the increase of American influence in the region is perceived as a counter-balance to an increasingly aggressive China. In 2011, the countries signed a MOU to advance bilateral defense cooperation in five areas: maritime security, search and rescue, humanitarian assistance and disaster relief, exchanges between defense universities and research institutes, and U.N. peacekeeping operations.²¹⁸

A major turning point in U.S.-Vietnam relations came in 2013 when the two sides signed a comprehensive partnership that further increased bilateral cooperation.²¹⁹ Thayer argues that Vietnam chose this comprehensive partnership, rather than a strategic partnership with the United States because it satisfied the mutual interest of both countries.²²⁰ The comprehensive partnership currently allows Vietnam to “cooperate” with the United States when their interests converge and “struggle” when the United States challenges Vietnam’s political interests, such as one-party rule and human rights.²²¹ Also in 2013, the U.S. State Department announced that it would provide five patrol vessels to the Vietnamese Coast Guard. Since then, defense cooperation and relations have continued to improve with the full lifting on the sale of lethal weapons to Vietnam in 2016.²²² In an interview with Sr. Lt. Gen. Nguyen Chi Vinh, Vietnam’s Deputy Minister of National Defense, he emphasized that “the removal of the embargo is not just significant in terms of trade, but also in terms of improving high-level trust and confidence.”²²³ Additionally, in a joint statement between Vietnamese President Tran Dai Quang and President Obama, both leaders reaffirmed their “continued pursuit of a deepened relationship on the basis of respect for each other’s political system, independence, sovereignty, and territorial

²¹⁸ Ibid.

²¹⁹ VietnamNet, “Why Are Vietnam-US Not Strategic Partners?,” *VietnamNet* (July 30, 2013), <http://english.vietnamnet.vn/fms/special-reports/81006/why-are-vietnam-us-not-strategic-partners-.html>.

²²⁰ Carlyle A. Thayer, “U.S.-Vietnam: From Comprehensive to Strategic Partners?,” *cogitASIA, Center for Strategic and International Studies* 20 (March 20, 2014).

²²¹ Ibid.

²²² Harris, “Vietnam Arms Embargo to Be Fully Lifted, Obama Says in Hanoi.”

²²³ Greg Torode, “Vietnamese General Says First Purchase of U.S. Weapons Some Way Off,” *Reuters* (June 4, 2016), <http://www.reuters.com/article/us-asia-security-vietnam-idUSKCN0YQ0D4>.

integrity.”²²⁴ This statement could be seen as a signal that the two countries might have moved past their political differences to highlight the convergence of their security interests.²²⁵ This overall increase in defense cooperation with the United States implies the degree of Vietnam’s dominance-denial behavior as it seeks to deepen security cooperation with the United States to maintain the balance of power in the region.

From the United States’ perspective, despite past U.S. criticism of Hanoi’s poor human-rights record, Washington’s deepening defense ties with Hanoi means that it may have found another partner in Southeast Asia to deny China’s growing influence in the region. Vietnam’s dominance-denial policy may also be helpful to the United States’ strategic view because the Philippines has appeared to yield to China’s rise in recent years.²²⁶ Defense ties between the United States and Vietnam greatly increased under the Obama administration. In 2016, the United States, under the Maritime Security Initiative, provided \$20 million to Vietnam to purchase maritime defense equipment that would be used in assisting Vietnam’s maritime enforcement agencies and encouraging military technology interoperability with other regional forces.²²⁷ However, trade relations between the two countries have come under scrutiny under the Trump administration. In addition, Hanoi was disappointed when Washington pulled out of the Trans-Pacific Partnership (TPP) negotiations to focus on reducing overall trade deficits; Vietnam had \$32 billion surplus with the United States in 2016 alone.²²⁸ Nevertheless, in a first sign of military

²²⁴ Office of the Press Secretary The White House, “United States – Vietnam Joint Vision Statement,” (July 07, 2015), <https://obamawhitehouse.archives.gov/the-press-office/2015/07/07/united-states-%E2%80%93-vietnam-joint-vision-statement>.

²²⁵ Thayer, “Vietnam’s Foreign Policy in an Era of Rising Sino-U.S. Competition and Increasing Domestic Political Influence.”

²²⁶ Jamie Tarabay, “Us Finds Unlikely Ally in Vietnam as a Former Partner Tilts to China,” *CNN* (November 10, 2017), <http://www.cnn.com/2017/11/09/asia/trump-vietnam-philippines/index.html>; Hannah Beech, “Vietnam, in a Bind, Tries to Chart a Path between U.S. And China,” *The New York Times* (November 11, 2017), <https://www.nytimes.com/2017/11/11/world/asia/vietnam-china-us.html>.

²²⁷ Office of the Press Secretary The White House, “Fact Sheet: U.S. Building Maritime Capacity in Southeast Asia,” news release, November 17, 2015, <https://obamawhitehouse.archives.gov/the-press-office/2015/11/17/fact-sheet-us-building-maritime-capacity-southeast-asia>.

²²⁸ Office of the Press Secretary The White House, “United States – Vietnam Joint Vision Statement.”

cooperation between the Trump administration and Vietnam, the United States delivered six small vessels to the Vietnamese coast guard in May 2017.²²⁹

In summary, the shared perception of China's growing military and economic influence has banded together Vietnam and other regional powers to engage China through strengthening partnerships. In particular, Vietnam stands as a beneficiary of greater cooperation among great powers, as well as the receiver in security and economic assistance. Although the Vietnamese leadership reserves the role of the most important strategic partner for China for ideological and geopolitical reasons, Hanoi also realizes that anti-China sentiments and overreliance on Beijing is a sensitive issue among the population. Consequently, Hanoi continues to diversify its diplomatic relations and seek comprehensive and strategic partnerships with an increased focus on defense cooperation, which seems to suggest that the purpose is to constrain or balance against China, not just to enmesh regional powers like Japan, India, and the United States. Thus, briefly, since late 2011, Vietnam's increasing number of strategic and comprehensive partnerships has demonstrated a strong degree of dominance-denial behavior, according to Kuik's hedging spectrum. The rapid increase in number and value of its dominance-denial actions, most notably with Japan, India, and the United States, indicates that Vietnam is moving toward the balancing end of the hedging spectrum.

B. VIETNAM'S MULTILATERAL DIPLOMACY

Vietnam's more liberal view on multilateral diplomacy did not fully materialize until the early 1990s when the *doi moi* era had started. Much of Vietnam's early multilateral diplomacy experience before *doi moi* was gained as a member of the Council for Mutual Economic Assistance (CMEA) led by the Soviet Union that included various communist states in the world.²³⁰ However, beginning in the mid-1990s, Vietnam's international integration included its membership in the Asia-Pacific Economic Cooperation (APEC) in

²²⁹ U.S. News, "U.S. Delivers Ship to Vietnam Coast Guard," *U.S. News* (May 26, 2017), <https://www.usnews.com/news/world/articles/2017-05-26/us-delivers-ship-to-vietnam-coast-guard>.

²³⁰ Ramses Amer and Carlyle A. Thayer, "Vietnamese Foreign Policy in Transition," in *Vietnamese Foreign Policy in Transition*, ed. Ramses Amer (Singapore: Institute of Southeast Asian Studies, 1999), 224.

1998, the World Trade Organization (WTO) in 2007, and over the last few years, a full participant in the negotiations of the TPP agreement. These recent, major milestones in Hanoi's multilateral diplomacy and international integration reveal a "strategic transformation" of Hanoi's leadership thinking from political isolation and economic weaknesses to a policy of economic development with emphasis on multilateral cooperation.²³¹ As a result, this strategic transformation thinking has helped Vietnam diversify and solidify some of its diplomatic, economic, and defense relations with regional and international institutions. Vietnam's economic diversification also puts it on Kuik's hedging spectrum, where Hanoi tries to minimize the risk of economic dependence on China. This is most demonstrated by Vietnam's full pledge to be part of the TPP, an economic trade agreement that encompasses most of the Pacific Rim nations, but not including China.

During the last National Party Congress in 2016, Vietnamese leadership reiterated the importance having a proactive foreign policy and international integration, that Vietnam must be "a friend, reliable partner, and a responsible member of the international community."²³² Perhaps one of the major highlights of Vietnam's regional integration has been its admission into ASEAN and ASEAN-centered institutions, both basing their collaboration on the framework of non-intervention and unanimity. The following sections will outline evidence that shows Vietnam's "binding engagement" with ASEAN to transform or constrain China through institutionalist mechanisms.

1. Transforming and Constraining China through Enmeshment

In July 1995, when Vietnam became a full member of ASEAN, it marked the first time that Vietnam had "join[ed] a regional grouping of countries that have different sociopolitical systems and ideologies."²³³ Most scholars agree that the driving force behind Vietnam's membership in ASEAN was Hanoi's opening of its economy, attracting foreign

²³¹ Nguyen, "New Context of Vietnam's National Security Challenges," 6.

²³² Thayer, "Vietnam's Foreign Policy in an Era of Rising Sino-U.S. Competition and Increasing Domestic Political Influence."

²³³ Goodman, "Vietnam and Asean: Who Would Have Thought It Possible?," 593.

direct investment (FDI), and the normalizing of relations with countries in the region.²³⁴ However, it can be argued that the primary factor that motivated Hanoi to seek membership was its awareness that Vietnam must pursue stability, recognition, and acceptance in the regional and international community, and importantly, domestic reforms with strong emphasis on economic growth after over two decades of military conflict. In this respect, Koh contends that Vietnam regards “ASEAN as the centerpiece of its foreign policies to ensure national survival and prosperity.”²³⁵ Furthermore, analysts had speculated that Vietnam’s membership in ASEAN would prove useful for addressing its security dilemma relating to China and the South China Sea.²³⁶ Likewise, Emmers argues that as a member of ASEAN, Vietnam would find itself in a stronger diplomatic position and security cooperation in the region.²³⁷

In the years since China expanded its military control of the South China Sea, which includes the seizure of the Mischief Reef from the Philippines in 1995, ASEAN has identified China as the region’s “top security threat.”²³⁸ More recently, however, ASEAN began focusing on conflict avoidance and establishing a “conflict management mechanism” to encourage all its members and China to deescalate conflicts.²³⁹ From Hanoi’s view, membership in ASEAN would internationalize its territorial dispute with Beijing in the South China Sea, and could possibly constrain Beijing’s actions towards Vietnamese claims.²⁴⁰ That is, Vietnam anticipates that it could alter its maritime disputes with China into a multilateral discussion between ASEAN and China, rather than dealing

²³⁴ Amer and Thayer, “Vietnamese Foreign Policy in Transition,” 224; Goodman, “Vietnam and Asean: Who Would Have Thought It Possible?,” 594.

²³⁵ Collin Swee Lean Koh, “Asean Perspectives on Naval Cooperation with India: Singapore and Vietnam,” *India Review* 12, no. 3 (2013): 188.

²³⁶ Amer and Thayer, “Vietnamese Foreign Policy in Transition.”; Goodman, “Vietnam and Asean: Who Would Have Thought It Possible?.”

²³⁷ Ralf Emmers, “The Indochinese Enlargement of Asean: Security Expectations and Outcomes,” *Australian Journal of International Affairs* 59, no. 1 (2005): 75.

²³⁸ Diane K Mauzy and Brian L Job, “Us Policy in Southeast Asia: Limited Re-Engagement after Years of Benign Neglect,” *Asian Survey* 47, no. 4 (2007): 627.

²³⁹ Ralf Emmers, “Asean’s Search for Neutrality in the South China Sea,” *Asian Journal of Peacebuilding* 2, no. 1 (2014): 62.

²⁴⁰ Emmers, “The Indochinese Enlargement of Asean: Security Expectations and Outcomes,” 77.

with China all by itself. As with the “ASEAN way,” Southeast Asian states wanted to reach a consensus before holding talks with China. By utilizing pragmatic conflict management mechanisms and ASEAN’s inter-regional relations, the institution is able engage China through multilateral, rather than bilateral negotiations, as China once insisted the 1990s.²⁴¹ Even so, China and ASEAN could not reach an agreement on the Code of Conduct (COC) for the South China Sea; so in November 2002, ASEAN foreign ministers and China’s vice foreign minister agreed on a Declaration on the Conduct of Parties (DOC) in the South China Sea.²⁴² The purpose of the agreement was to prevent further tensions and reduce the risks of military conflict between China and ASEAN members. The DOC also called on all involved parties to resolve their disputes peacefully and pledged to practice self-restraint.

As a member of ASEAN, Vietnam has been provided with some diplomatic leverage when dealing with non-member states. Since its admission to ASEAN in 1995, Vietnam has been active, advocating for the institution’s greater role in managing regional disputes and supporting the association’s way of cooperation and unanimity. Not only does Vietnam appreciate the possibility of ASEAN transforming China through constructivist processes to partake in ASEAN norms, Vietnam also promotes the inclusion of regional powers into the ASEAN community. In 2010, ASEAN, under Vietnam’s chairmanship, inaugurated the ASEAN Defense Ministers’ Meeting-Plus (ADMM-Plus) including eight non-ASEAN countries: Australia, China, India, Japan, New Zealand, Russian Federation, South Korea, and the United States. One of the main goals of the ADMM-Plus is to enhance non-security areas, such as the regional humanitarian assistance and disaster relief (HADR) and promote confidence-building between ASEAN and partner nations. The ADMM-Plus has also fostered deeper cooperation and enabled defense and security discussions under a common platform that may potentially solve certain issues in the South China Sea. Through

²⁴¹ Carlyle A. Thayer, “Asean, China and the Code of Conduct in the South China Sea,” *SAIS Review of International Affairs* 33, no. 2 (2013): 83; Emmers, “Asean’s Search for Neutrality in the South China Sea,” 64.

²⁴² Denny Roy, *Return of the Dragon: Rising China and Regional Security* (New York: Columbia University Press, 2013), 228; Thayer, “Asean, China and the Code of Conduct in the South China Sea,” 77; Emmers, “Asean’s Search for Neutrality in the South China Sea,” 62.

Vietnam's active multilateral binding-engagement, Hanoi can use the ADMM-Plus to facilitate and internationalize the security issues in the South China Sea. More recently, Vietnam's has used this forum to voice its security concerns in the South China Sea without damaging its relations with Beijing, yet also providing ASEAN the mechanism to further integrate and transform major powers into the institutional norms.

The Shangri-La Dialogue is among the most talked about defense and regional security discussions in Southeast Asia is, organized annually by the International Institute for Strategic Studies (IISS), a London-based think tank. Although not a means of enmeshing China, Vietnamese officials have been invited to attend the dialogue to voice Hanoi's security challenges to members of the forum, which include the ASEAN states, Japan, South Korea, India, Australia, and is attended by most senior Western officials. The discussion has seen Vietnam and ASEAN states suggesting measures to strengthen cooperation with the United States for regional peace and security, as well as requesting China to speed up the negotiation of COC for the South China Sea.²⁴³ Some of these discussions have been focusing on security cooperation in the region and calling out China for disregarding other nations' interests and international law, and thereby, hope that it would become a more responsible international leader. Recently, however, China has been downgrading its participation in the Shangri-La Dialogue due to its tendency to avoid discussing contentious issues in any multilateral settings.²⁴⁴

In recent years, Vietnam, as well as ASEAN as a whole, has continually responded to maritime disputes by raising the issues at international arbitration and regional forums, such as the ASEAN Regional Forum (ARF) and the East Asia Summit (EAS), to find a common solution in accordance with international law.²⁴⁵ Scholars have noted that the ARF, since its creation in 1993, has increased security cooperation between ASEAN and

²⁴³ Trong Tien Vu, "Shangri-La Dialogue 2017 - Vision for Regional Security and Vietnam's Participation," *National Defense Journal* (July 19, 2017), <http://tapchiquptd.vn/en/events-and-comments/shangrila-dialogue-2017-vision-for-regional-security-and-vietnams-participation/10392.html>.

²⁴⁴ Shannon Tiezzi, "Why Is China Downgrading Participation in the Shangri-La Dialogue?," *The Diplomat* (June 02, 2017), <https://thediplomat.com/2017/06/why-is-china-downgrading-participation-in-the-shangri-la-dialogue/>.

²⁴⁵ Emmers, "Asean's Search for Neutrality in the South China Sea," 70.

non-ASEAN states, as well as addressed strategic uncertainty by “entangling, enmeshing, or engaging” China through norms-based interactions and socialization to foster trust and mutual security.²⁴⁶ Others have pointed out the fact that ASEAN has contributed to the stabilizing of Southeast Asia concerning power rivalries between the United States, China, Japan and India; and without the institution, Southeast Asian states would be more susceptible to world and regional powers’ influence.²⁴⁷ Such strategic policy has provided proof that ASEAN members’ use of the AFR has been to actively deny China’s hegemonic dominance in the region, and thus, minimize the political risks of subservience.²⁴⁸ For Vietnam, the ARF had provided hope and motivation that ASEAN could shape Chinese behavior and align it with regional norms in accordance with the “ASEAN way.” However, recent disunity in ASEAN has diminished that hope. Nevertheless, Vietnam has reportedly been accelerating its engagement with ASEAN and calling for greater unity to challenge China’s territorial claims, especially after China rejected the United Nations Arbitral Tribunal decision in July 2016.²⁴⁹ Thus, through constructivist process and institutionalist mechanisms, Vietnam’s enmeshment strategy to transform China through ASEAN may be limited. The next section discusses some of the limits to Vietnam’s strategy.

2. Limitations in Enmeshing China through ASEAN

As a 10-nation regional institution, ASEAN’s distinguished political style is known for its informal approach, with characteristics of conflict prevention, non-interfering in another member’s domestic agenda, and a reliance on consensus-driven decision-making process. Vietnam has certainly enjoyed the economic and political benefits of this

²⁴⁶ Amitav Acharya and Allan Layug, “Collective Identity Formation in Asian Regionalism: Asean Identity and the Construction of the Asia-Pacific Regional Order” (paper presented at the a paper presented at the World Congress of International Political Science Association (IPSA) held in Madrid, Spain, 2012).

²⁴⁷ Rodion Ebbighausen, “The Asean Way: Where Is It Leading?,” *DW* (July 08 2017), <http://www.dw.com/en/the-asean-way-where-is-it-leading/a-39998187>.

²⁴⁸ Kuik, “How Do Weaker States Hedge? Unpacking Asean States’ Alignment Behavior Towards China.”

²⁴⁹ Tom Phillips, Oliver Holmes, and Owen Bowcott, “Beijing Rejects Tribunal’s Ruling in South China Sea Case,” *The Guardian* 12 (2016), <https://www.theguardian.com/world/2016/jul/12/philippines-wins-south-china-sea-case-against-china>. The UN Arbitral Tribunal between the Philippines and China concluded in July 2016, it ruled that there was no legal basis for China to claim historic rights to resources falling within the “nine-dash line” and that China had violated the Philippines’ sovereign rights in its exclusive economic zone.

multilateral process; however, ASEAN has also presented some disappointment to Hanoi in the context of ASEAN-China negotiations with regard to the South China Sea. Additionally, while the 2002 DOC was sometimes seen as an ASEAN diplomatic victory in enmeshing China to co-exist with the rest of the maritime Southeast Asian states, Vietnam was disappointed that ASEAN did not jointly issue a binding COC. Therefore, China's enmeshment strategy does not guarantee that there will not be new incidents involving Chinese and Vietnamese vessels at sea.²⁵⁰

In 2012, Cambodia, acting as ASEAN Chair, together with ASEAN members, failed to issue a joint communique on the South China Sea disputes in a closing statement. Cambodia's action, departing from ASEAN's pattern of consensus, was due to its close relationship with China and appeasement policy toward Beijing.²⁵¹ Scholars have pointed to a few reasons behind this lack of cohesion. Since the early 2000s, as Beijing aimed at fostering relations, China's soft power and charm offensive in Southeast Asia had encouraged economic and cultural development and established strong relations with ASEAN.²⁵² Additionally, non-claimant states in the South China Sea, such as Cambodia, Laos, and Thailand did not worry about China's maritime expansion and territorial claims and therefore, were not likely to challenge Beijing for fear of political and economic reprisal. And finally, ASEAN's strict principle of consensus-based decision-making has made it less effective in solving traditional disputes other than to issue non-binding statements, which may undermine the institution's relevance and weakens its capacity to act on behalf of its members.²⁵³ This overall lack of cooperation within ASEAN further exacerbated the challenge for ASEAN to maintain its principles of consensus, centrality, and unity.²⁵⁴

²⁵⁰ Emmers, "The Indochinese Enlargement of Asean: Security Expectations and Outcomes," 76.

²⁵¹ Emmers, "Asean's Search for Neutrality in the South China Sea," 67.

²⁵² Mauzy and Job, "Us Policy in Southeast Asia: Limited Re-Engagement after Years of Benign Neglect," 632–33.

²⁵³ Hong Hiep Le, *Can Asean Overcome the 'Consensus Dilemma' over the South China Sea?*, ed. Institute of Southeast Asian Studies, Trends in Southeast Asia ; Issue 2016, No. 58 (Singapore: ISEAS Publishing, Institute of Southeast Asian Studies, 2016), 2.

²⁵⁴ Emmers, "Asean's Search for Neutrality in the South China Sea," 70–71; Le, *Can Asean Overcome the 'Consensus Dilemma' over the South China Sea?*, 3.

Among the foremost founding philosophies of ASEAN is its principle of non-interference from major powers in the region. However, the increasing competition between the United States and China in Southeast Asia may have compromised such founding principles. Scholars have pointed to two possible new challenges that have surfaced since ASEAN's responses to these disputes. First, ASEAN might possibly become fractured by strong division among its member states due to their individual preference and prioritization in managing relations with China and the United States²⁵⁵ Second, if ASEAN were to fail in resolving the South China Sea security issue, it could result in a less effective institution. Such an outcome would encourage claimant states to seek consultation outside ASEAN to resolve the issue and weaken any ASEAN-led regional forums.²⁵⁶

At the 2017 ASEAN summit in the Philippines, ASEAN, in its closing statement, again called on both China and its members to endorse a binding COC for the South China Sea; however, critics argue that the statement fell short of a united ASEAN statement against China. In addition, Beijing, on multiple occasions, has stated its preference for a voluntary or non-binding COC, which further delays the negotiation progress.²⁵⁷ Furthermore, as China ramps up its economic investments and trade deals across Southeast Asia, there have been signs of ASEAN states leaning toward China. Chief among them is President Rodrigo Duterte of the Philippines, who has pivoted toward China, and is causing a rift in relations with the United States, in exchange for stronger economic cooperation with China.²⁵⁸ Overall, the combined ASEAN limitations, challenges, combined with China's growing economic might and influence have thus far prevented Vietnam from enmeshing China into regional norms, or finding real multilateral solutions to its South

²⁵⁵ Emmers, "Asean's Search for Neutrality in the South China Sea," 63.

²⁵⁶ Le, *Can Asean Overcome the 'Consensus Dilemma' over the South China Sea?*, 3.

²⁵⁷ Lee YingHui, "A South China Sea Code of Conduct: Is Real Progress Possible?," *The Diplomat* (November 18, 2017), <https://thediplomat.com/2017/11/a-south-china-sea-code-of-conduct-is-real-progress-possible/>.

²⁵⁸ Ben Blanchard, "Duterte Aligns Philippines with China, Says U.S. Has Lost," *Reuters* (October 19, 2016), <https://www.reuters.com/article/us-china-philippines/duterte-aligns-philippines-with-china-says-u-s-has-lost-idUSKCN12K0AS>.

China Sea problems. For these reasons, Hanoi seems to be running out of time and options in employing ASEAN as diplomatic and security leverage against China.

C. ANALYSIS

Although Vietnam now faces a far more powerful China than ever before, the Vietnamese leadership knows it must not only modernize its weaponry, but also reach out to multiple partners for security and political support. This chapter presented two types of evidence that brought out the shift in Vietnam's foreign policy toward dominance-denial. The first dealt with Vietnam's bilateral relations with major powers. The second dealt with its efforts to enhance its engagement with ASEAN. By this outreach, Vietnam hopes to bind China into regional and international environments with the long-term goal gradually transforming Chinese norms.

The first evidence dealt with Vietnam's efforts to develop closer bilateral relations with influential countries. Through its multiple strategic and defense partnerships, Hanoi is seen as promoting defense and diplomatic equilibrium in the region, while also preserving its national sovereignty and security. By establishing multiple strategic partnerships with Japan, India, and the United States, which have similar security interests in the region, Hanoi exercises its hedging behavior to minimize the risk of subservience to Beijing's demands and aggression. Thus, dominance-denial strategy reflects a balancing behavior that serves as a countervailing force to limit China's influence.

On the other hand, Vietnam has given its partnership with China the "highest designation among all of Vietnam's strategic partners."²⁵⁹ This type of preferential treatment for Beijing suggests that Vietnam exercises limited-bandwagoning policy. Vietnam's "three no" policy exists partially to allay China's fear of encirclement and accommodate China's security interests.²⁶⁰ However, Vietnam's balance of power in the region and its rapid increase in the number of strategic partnerships in recent years suggest that Hanoi has moved toward balancing end of the spectrum. Additionally, these strategic

²⁵⁹ Thayer, "Vietnam's Proactive International Integration: Case Studies in Defence Cooperation."

²⁶⁰ Nguyen, "New Context of Vietnam's National Security Challenges," 26.

partnerships also reinforce Hanoi's military modernization efforts, as explained in the previous chapter. Therefore, these behaviors suggest that Hanoi is exhibiting strong dominance-denial behavior and is shifting toward the balancing end of the spectrum.

The second evidence dealt with Vietnam's multilateral diplomacy, primarily through binding engagement with ASEAN. One of Vietnam's goals in joining ASEAN was to enmesh China to conform to the institution. This type of hedging has provided Hanoi diplomats with additional leverage in negotiating disputes in the South China Sea and increasing its voice at regional defense forums without antagonizing Beijing too much. Undoubtedly, joining ASEAN has provided Vietnam with broader economic and defense cooperation, as well as growth. After years of negotiations, Hanoi, together with other ASEAN members, has succeeded in internationalizing the maritime disputes over the South China Sea with Beijing. However, this chapter argues that ASEAN has yet to guarantee Vietnam the traditional security it needs to defend against China's behavior in the South China Sea. This is due to a variety of reasons, including the strong influence and soft power exerted by Beijing, ASEAN's firm principles of non-interference and consensus that requires all members to agree on an issue, and the differing interests of each ASEAN member. As a result, Vietnam, through ASEAN, is unable to "bind" China to conform to regional norms. From this perspective, one can argue that ASEAN has lost its political weight and may bandwagon with China, which would contradict Vietnam's determination to resolve its conflicts with China through ASEAN.²⁶¹ In that case, in its attempt to enmesh China through ASEAN, Hanoi's binding engagement policy could trap Vietnam in the ASEAN-China dialogue that may bind Hanoi to conform to the "ASEAN Way," and together with ASEAN, bandwagon with China.

While ASEAN's failure in its joint communique against Beijing has disappointed Vietnam, Hanoi has been significantly boosting its own economic diversification and security cooperation through bilateral and multilateral dialogues with overwhelming dominance-denial policies. Therefore, by visualizing Kuik's Power Rejection/Acceptance Spectrum, this chapter concludes that Vietnam is maintaining its hedging strategy, but in

²⁶¹ Jörn Dosch, "Vietnam's Asean Membership Revisited: Golden Opportunity or Golden Cage?," *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* 28, no. 2 (2006): 253.

the last several years, it has used dominance-denial, economic diversification, and binding engagement behaviors more extensively in favor of balancing against China than those options at the bandwagoning end of the spectrum.

Overall, Vietnam's two-pronged foreign policy approach, involving bilateral relations with major powers and multilateral engagement with ASEAN, offers mutually counteracting hedging behaviors in Kuik's Power Rejection/Acceptance Spectrum. In other words, Vietnam's "dominance denial" behavior has given Hanoi the means to cultivate the balance of major powers to minimize political and security risks, while its "binding engagement" behavior has provided Vietnam the instruments to maximize diplomatic benefits, engaging and binding Beijing bilaterally and multilaterally. "Dominance denial" behavior falls within the risk-contingency option, which tends to defy and reject the growing power and lean toward a balancing approach; however, "binding engagement" behavior fits within the returns-maximizing option, which leans toward a bandwagoning approach and a degree of power acceptance in order to gain economic and diplomatic benefits without incurring unnecessary risks.²⁶²

In summary, this chapter explains Vietnam's approach to its bilateral and multilateral relationships as strategic leverage in its diplomatic negotiations: first, by constraining Beijing through institutionalist and bilateral mechanisms; and second, by transforming Beijing's behaviors through ASEAN processes and norms. The first section discusses Vietnam's bilateral policies with major powers in the wake of China's growing influence in Southeast Asia. It also discusses the strategic and comprehensive partnership agreements that Vietnam established, most notably with Japan, India, China, and the United States. The second section provides Vietnam's multilateral diplomacy experience with ASEAN since becoming a member of the regional institution. Finally, this chapter concludes that Vietnam is maintaining a subtle form of limited-bandwagoning strategy.

²⁶² Kuik and Rozman, "Light or Heavy Hedging: Positioning between China and the United States," 3–4; Kuik, "How Do Weaker States Hedge? Unpacking Asean States' Alignment Behavior Towards China," 503–10.

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IV. CONCLUSION

This thesis describes Vietnam's policy over the last few years in response to China's rising power and identifies the reasons for Vietnam's changing behavior towards its northern neighbor. Hanoi's approach to foreign policy since the beginning of *doi moi* in the late 1980s has been described as diversification and has led the country to participate in most regional and internationalization organizations. *Doi moi* also changed the Vietnamese leadership's thoughts about international relations and their perception of national security, which led to the adoption of a hedging policy toward great powers. China's increasing aggression in the last few years, however, has pressured Vietnam to balance against China as opposed to continue hedging. As Chapter II revealed, Vietnam's recent response to the escalation of disputes with China and China's militarization in the South China Sea was to increase its acquisition of military hardware and develop its domestic defense industry. Another important, but complementary, reason for Vietnam's military modernization can also be attributed to the success of *doi moi* economic renovations. Chapter III discussed Vietnam's hedging strategy through dominance-denial and binding-engagement behaviors. Through these behaviors, Vietnam established strategic partnerships with multiple powers and membership in ASEAN and ASEAN-related institutions, such as the ARF and EAS. This concluding chapter assesses the causes of Vietnam's policy choices as presented in the preceding chapters to determine whether they are similar to or different from Vietnam's hedging policy in the 1990s and analyzes whether Vietnam may be moving toward new behavior, by using Kuik's Power Rejection/Acceptance Spectrum.

A. ADDRESSING HYPOTHESIS AND RESEARCH PURPOSE

At the introduction of this thesis, it was hypothesized that Vietnam is still pursuing a policy of hedging against China. Like many Southeast Asian countries, Vietnam's uncertainty about the power structure and rivalry that will exist in the region between the United States and China is pushing Hanoi toward adopting a hedging strategy. This hedging strategy, a non-taking-side approach and keeping its own position, offers Hanoi

the flexibility to deal with China's increasing assertiveness. In addressing the research question and determining to what degree Vietnam's policy toward China has changed, both Chapters II and III provided analyses for Vietnam's hedging behaviors which validates the hypothesis. While Vietnam is still pursuing a subtle form of hedging strategy, through military modernization, multiple strategic partnerships, and various forms of dominance-denial policies, Vietnam is strengthening its balancing component to defy and reject China's growing power.

As presented in Chapters II and III, it is clear that Vietnam's hedging strategy has begun to shift from the center of Kuik's spectrum toward the balancing end of that spectrum. Most scholars agree that Vietnam is hedging, and a growing number come to the same conclusion as this thesis, that Vietnam is moving toward balancing. Kuik concludes that Vietnam is one of the few ASEAN countries that have openly supported America's "rebalancing" effort to the region while also balancing China militarily through modernization and security cooperation.²⁶³ Le concludes that Vietnam has shifted its hedging strategy toward balancing.²⁶⁴ For defensive purposes, Le argues that Vietnam will continue to forge closer security and defense ties with major powers outside of Southeast Asia, but will stop short of entering into formal alliances with them.²⁶⁵ Tran and Sato also come to a similar conclusion, offering that Vietnam will continue its hedging strategy regardless of China's growing power.²⁶⁶ Moreover, Tran suggests that Hanoi will likely continue to enhance strategic partnerships and cooperation with multiple powers in economic and defense.²⁶⁷ This thesis concurs with all four scholars' conclusions as presented in the preceding chapters, now summarized for brevity.

Chapter II concluded that Vietnam's strong economic growth plays an important role in motivating Vietnam in its defense modernization effort to counter traditional threats

²⁶³ "How Do Weaker States Hedge? Unpacking Asean States' Alignment Behavior Towards China," 511–12.

²⁶⁴ Le, "Vietnam's Alliance Politics in the South China Sea."

²⁶⁵ Ibid.

²⁶⁶ Thi Bich Tran and Yoichiro Sato, "Vietnam's Post-Cold War Hedging Strategy: A Changing Mix of Realist and Liberal Ingredients," *Asian Politics & Policy* 10, no. 1 (2018).

²⁶⁷ Ibid.

and minimize potential risks posed by China in the South China Sea. Chapter II also provides clear evidence of “internal balancing.” Economic growth and the increasing Chinese threat, together fuel Vietnam’s goal of achieving a self-sustained military without heavy dependence on any one power or supplier of weapons; thus, Hanoi is cautiously expressing its opposition toward Beijing’s militarization of the South China Sea. It can be speculated that while China continues its aggressions in the South China Sea, Vietnam will pursue increased defense modernization through internal balancing. Through Vietnam’s modernization effort, Chapter II concluded that Vietnam has chosen the “risk-contingency” option to oppose and reject China’s power. Such strategic option tends to lean toward a balancing approach, yet they do not fully employ a total balancing strategy.²⁶⁸ Through this definition, Vietnam is seen as fulfilling its defense strategy by military means.

Chapter III demonstrated that Vietnam’s policies are largely consistent with evidence of dominance denial that minimizes Vietnam’s political and diplomatic risks in the balance of power in the region. Chapter III concluded with evidence that Vietnam’s hedging behaviors has tilted closer to the balancing end of Kuik’s hedging spectrum. It is noteworthy that Vietnam’s increasing number of strategic partnerships also coincides with the period of increased tensions in the South China Sea. Therefore, it is reasonable to conclude that Vietnam’s policy is changing in response to those tensions. However, two factors may limit Vietnam’s shift toward balancing.

First, on the multilateral front, the Vietnam-ASEAN enmeshment strategy regarding the South China Sea no longer works for Vietnam as it once did, as evident by the limitations of the “ASEAN Way” principles. This has led to the conclusion that China seems to have achieved diplomatic victory in its bilateral relations with some individual ASEAN countries. With an ASEAN decision-making body based on consensus, it is not difficult for China to divide ASEAN, since all it takes is one member-state to disagree on an issue to make ASEAN “break.” Therefore, ASEAN, when divided, is weak. Moreover, China’s “charm offensive” towards countries like Cambodia and Laos, and the potential billions of dollars in trade and infrastructure investments to the Philippines, has weakened

²⁶⁸ Kuik and Rozman, “Light or Heavy Hedging: Positioning between China and the United States,” 3–4.

ASEAN's unity and their resolve to curb China's influence and aggression. From an institutionalist mechanism standpoint, this thesis also argues that ASEAN has lost its political weight, and could therefore, bandwagon with China. Thus, Hanoi's bid to transform Beijing through binding processes to share ASEAN norms or to constrain Beijing through institutionalist mechanisms may have already failed, leading it to selectively yield and defer to China on certain political and economic issues.

Second, the uncertainty in the balance of power in the region and competition for influence between China and the United States not only further complicates the overall security environment in Southeast Asia, but also Vietnam's future hedging strategy. Moreover, despite recent emphasis on U.S. rebalancing strategy toward the Asia-Pacific region, some scholars argue that U.S. strategy is aimed at actively engaging and denying China's rise through helping China's neighbors, rather than containing it in the South China Sea.²⁶⁹ Furthermore, lingering Vietnamese distrust of U.S. intentions prevent any conservative policy makers in Vietnam from reaching out to the United States for support. Besides, Vietnamese leadership has prioritized maintaining a stable relationship with Beijing, manifest by the greater cooperation and solidarity between the two countries and Vietnam's view of China as the most important strategic partner.

The Sino-Vietnamese solidarity has prompted scholars like Vuving to argue that Vietnam's hedging approach has "increasingly proved ineffective."²⁷⁰ Vuving reasons that Hanoi's act of deference to Beijing has been shown through multiple high delegation visits by Vietnamese officials to China, even in the wake of the oilrig crisis in 2014.²⁷¹ Additionally, Vuving contends that although Vietnam perceives China as an age-old adversary, the CPV prefers to maintain the Sino-Vietnamese communist camaraderie above national security issues—suggesting that Hanoi favors deference and limited-

²⁶⁹ Sheldon W Simon, "The U.S. Rebalance and Southeast Asia," *Asian Survey* 55, no. 3 (2015): 590; William T Tow, "Us–Southeast Asia Relations in the Age of the Rebalance," *Southeast Asian Affairs* 2016, no. 1 (2016): 35; Michael Beckley, "The Emerging Military Balance in East Asia: How China's Neighbors Can Check Chinese Naval Expansion," *International Security* 42, no. 2 (2017).

²⁷⁰ Alexander L. Vuving, "Vietnam, the United States, and Japan in the South China Sea," (Asia-Pacific Center for Security Studies Honolulu United States, October 2014).

²⁷¹ *Ibid.*, 7.

bandwagoning in exchange for a peaceful environment.²⁷² Vuving also claims that Vietnam's acceptance of its "subordinate position to China in a hierarchy of states" and hope of "ideological bonds between the two communist parties" will serve to defuse the South China Sea conflict.²⁷³ However, as previously stated, while CPV's solidarity with Beijing reflects a certain bandwagoning approach, the CPV regime is more concerned with legitimacy to maintain its power, which generally rests with popular support. Thus, the CPV recognizes that any closer cooperation with Beijing will likely upset its population, and that anti-China nationalism intensified by maritime disputes with China will also pose greater challenge to Vietnamese leadership legitimacy and power. The likely case is that, as this thesis has shown, the CPV will continue to be responsive to the changing international and domestic environment by finding the right balance between bandwagoning and balancing strategies vis-à-vis China.

B. ASSESSING VIETNAM'S INCLINATION

The inherent nature of a hedging strategy is the avoidance of over-reliance on an external power in an uncertain environment. Hedging strategy may seem "contradictory," but they serve as an assurance when relations turn sour, while at the same time, reaping the benefits when relations are good.²⁷⁴ Chapters II and III revealed that Vietnam pursues ambiguous policies vis-à-vis competing powers, mainly the United States and China, to prepare for any changing conditions. The evidence presented in the preceding chapters shows that Vietnam's behavior matches the policy elements that Kuik described as hedging. First, Vietnam's "three no" policy exists on the principle of non-alignment.²⁷⁵ Second, as revealed in Chapters II and III, Vietnam adopts both opposite and mutually counteracting hedging behaviors, including indirect-balancing behavior and dominance

²⁷² Vuving, "Vietnam in 2012: A Rent-Seeking State on the Verge of a Crisis," *Southeast Asian Affairs* (2013); "Vietnam, the United States, and Japan in the South China Sea."

²⁷³ Vuving, "Vietnam, the United States, and Japan in the South China Sea."

²⁷⁴ Kuik, "How Do Weaker States Hedge? Unpacking Asean States' Alignment Behavior Towards China."

²⁷⁵ Nguyen, "New Context of Vietnam's National Security Challenges."; Le, "Vietnam's Alliance Politics in the South China Sea," 4.

denial, while also employing binding engagement and limited-bandwagoning with China. And third, Vietnam's returns-maximizing options (binding engagement and limited-bandwagoning behaviors) focused mostly on exploiting the economic, diplomatic, and political benefits with China when the relationship is at its best; simultaneously, the risk-contingency options (indirect-balancing behavior and dominance denial behaviors) are adopted to mitigate risks in case the relationship with China goes awry. Eventually, these combined contradictory options or behaviors function as a strategy of avoiding taking sides with or against any power, thereby "avoiding the danger of putting all-the-eggs-in-one-basket while keeping a fallback position for as long as the power structure at the systemic level remains uncertain."²⁷⁶

In conclusion, this thesis argues that, based on Kuik's hedging spectrum and the elements of hedging, Vietnam is, in fact, hedging, but the side to which Hanoi is tilting has gone to the balancing end of the spectrum. Given the nature of Vietnam's opaque and often secretive political system, it is difficult to know the real motives behind Vietnam's hedging strategy. As the U.S.-China rivalry intensifies, Vietnam's efforts to avoid choosing between the two great powers will only get more difficult to implement. Nonetheless, Vietnam's hedging behavior illustrates a pattern that Hanoi leadership prefers a strategic balance of power structure between the United States and China. Furthermore, Vietnam's gradual increase of indirect-balancing and dominance-denial behaviors signifies the degree of power rejection, as they both fit within Kuik's spectrum of balancing-leaned hedging strategy vis-à-vis China. This strategy, thereby, provides Vietnam with greater distribution of benefits while alleviating any associated risks of disappointing the other power. Future Vietnamese foreign policies may promote the inclusion of increased security cooperation and greater levels of strategic partnerships with states that play significant roles in maintaining peace and stability in Southeast Asia.

²⁷⁶ Kuik, "How Do Weaker States Hedge? Unpacking Asean States' Alignment Behavior Towards China," 505.

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